0-315-03494-7

51390

National Library of Canada
Bibliothèque nationale du Canada

CANADIAN THESES ON MICROFICHE

THÈSES CANADIENNES SUR MICROFICHE

NAME OF AUTHOR/*NOM DE L'AUTEUR* Christopher Robb Waddell

TITLE OF THESIS/*TITRE DE LA THÈSE* The Wartime Prices and Trade Board: Price Control in Canada in World War II

UNIVERSITY/*UNIVERSITÉ* York University

DEGREE FOR WHICH THESIS WAS PRESENTED/ *GRADE POUR LEQUEL CETTE THÈSE FUT PRÉSENTÉE* Ph.D.

YEAR THIS DEGREE CONFERRED/*ANNÉE D'OBTENTION DE CE DEGRÉ* 1981

NAME OF SUPERVISOR/*NOM DU DIRECTEUR DE THÈSE* J. L. Granatstein

Permission is hereby granted to the NATIONAL LIBRARY OF CANADA to microfilm this thesis and to lend or sell copies of the film.

The author reserves other publication rights, and neither the thesis nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission.

L'autorisation est, par la présente, accordée à la BIBLIOTHÈQUE NATIONALE DU CANADA de microfilmer cette thèse et de prêter ou de vendre des exemplaires du film.

L'auteur se réserve les autres droits de publication; ni la thèse ni de longs extraits de celle-ci ne doivent être imprimés ou autrement reproduits sans l'autorisation écrite de l'auteur.

DATED/*DATÉ* August 10, 1981 SIGNED/*SIGNÉ* C. Waddell

PERMANENT ADDRESS/*RÉSIDENCE FIXE*
4 Normandy Boulevard
Toronto, Ontario
M4L 3K2

NL-91 (11-78)

National Library of Canada
Collections Development Branch

Canadian Theses on
Microfiche Service

Bibliothèque nationale du Canada
Direction du développement des collections

Service des thèses canadiennes
sur microfiche

NOTICE

The quality of this microfiche is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

If pages are missing, contact the university which granted the degree.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us a poor photocopy.

Previously copyrighted materials (journal articles, published tests, etc.) are not filmed.

Reproduction in full or in part of this film is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30. Please read the authorization forms which accompany this thesis.

THIS DISSERTATION
HAS BEEN MICROFILMED
EXACTLY AS RECEIVED

AVIS

La qualité de cette microfiche dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de mauvaise qualité.

Les documents qui font déjà l'objet d'un droit d'auteur (articles de revue, examens publiés, etc.) ne sont pas microfilmés.

La reproduction, même partielle, de ce microfilm est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30. Veuillez prendre connaissance des formules d'autorisation qui accompagnent cette thèse.

LA THÈSE A ÉTÉ
MICROFILMÉE TELLE QUE
NOUS L'AVONS REÇUE

Ottawa, Canada
K1A 0N4

NL-339 (Rev. 8/80)

THE WARTIME PRICES AND TRADE BOARD: PRICE CONTROL IN CANADA IN WORLD WAR II

© CHRISTOPHER ROBB WADDELL

A thesis submitted to the Faculty of Graduate
Studies in partial fulfillment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

Graduate Programme in History
York University
Toronto, Ontario

August 1981

The Wartime Prices and Trade Board:
Price Control in Canada in World War II

by Christopher Robb Waddell

a dissertation submitted to the Faculty of Graduate Studies of York University in partial fulfillment of the requirements of the degree of

DOCTOR OF PHILOSOPHY

© 1981

Permission has been granted to the LIBRARY OF YORK UNIVERSITY to lend or sell copies of this dissertation, to the NATIONAL LIBRARY OF CANADA to microfilm this dissertation and to lend or sell copies of the film, and to UNIVERSITY MICROFILMS to publish an abstract of this dissertation.

The author reserves other publication rights, and neither the dissertation nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission.

YORK UNIVERSITY **FACULTY OF GRADUATE STUDIES**

I recommend that the thesis prepared

under my supervision by

Christopher Robb Waddell

entitled

The Wartime Prices and Trade Board:
Price Control in Canada in World War II

be accepted in partial fulfillment of the

requirements of the degree of

DOCTOR OF PHILOSOPHY

October 1981

J. L. Granatstein
Supervisor

Recommendation concurred in by the following

Examining Committee

A. S. Kanya-Forstner
Chairman

R. Cuff

J. L. Granatstein

D. Bell

C. Armstrong
C. Armstrong

T. Traves
T. Traves

J. English

ABSTRACT

Even before Canada officially entered World War II the federal government created the Wartime Prices and Trade Board to regulate the domestic economy. It hoped that tighter controls over economic developments on the home front would ease the switch of Canada's industry to munitions production and would assist post-war economy recovery. Still in the grips of a depression in 1939, the country could not afford wartime inflation and a repeat of the depression and unemployment that followed the end of the war in 1919.

In its early months the WPTB operated on the periphery of the economy, but once a universal price freeze began in late 1941, the Board became the key agency in the government's wartime economic policies.

In that role the WPTB administered and enforced a retail price freeze, provided subsidies to manufacturers when necessary and had a hand in wage controls and the official cost of living index. Those tasks led to the availability of adequate supplies of goods for

consumers and introducing rationing of commodities when necessary. As well, when manpower difficulties threatened to limit the ability of industry to operate at full capacity the Board entered the field of manpower relocation.

Beyond these day-to-day activities, the WPTB through its Chairman Donald Gordon, promoted the price freeze and encouraging Canadians to comply with Board orders.

Finally the Board also designed and implemented the plans that eliminated controls after the war and started the economy on a post-war boom.

Through a detailed study of the responsibilities and operations of the Wartime Prices and Trade Board, based primarily on the Board's records, it is clear that significant inflation did occur during the war even though outwardly the cost of living index remained relatively stable. As well the WPTB constantly modified its regulations to ensure that business did not suffer too severely under controls. As a result, by 1945 the operation of price and related controls bore little resemblance to the programme introduced in October 1941.

Those changes combined with the method by which the Board guided decontrol and reconversion demonstrated that price control, as administered jointly by business and government through the Wartime Prices and Trade Board, existed primarily to preserve the economic status quo during wartime.

Table of Contents

Introduction 1

1. The Early Days of Price Control 16
2. The Organization of the Board 118
3. Controlling Prices, Wages and Living Costs 211
4. Dealing with Supply and Distribution 314
5. The Rationalization of Industrial Production 382
6. The Rationing of Necessities 427
7. The Enforcement of Price and Ration Regulations 502
8. Shaping Public Perceptions 545
9. Planning for Decontrol 621
10. Implementing the Strategy 671
11. The Last Months 719
12. Preserving the Status Quo 727

INTRODUCTION

As the 1930s came to a close, Canadians hoped they would soon escape the economic turmoil that had dominated the decade. Conditions had improved marginally since Mackenzie King and his Liberal party returned to power in 1935 after a five year spell of Conservative government but the economy was by no means thriving. It would take many years for the wheat economy of western Canada to return to its pre-depression levels, and similarly the urban unemployed and idle industrial capacity could not be quickly put back to work. At best, Canadians in 1939 could hope for a few years of stability that might form the basis for an economic turnaround. Nothing would happen quickly but at the same time, any changes had to be an improvement over the conditions that most Canadians experienced during the 1930s.

Such an economic timetable could be radically disrupted by a war that appeared at least possible in the summer of 1939. If Britain did become involved in a conflict, Canada could not hope to remain on the sidelines for long. If troops were required Canadians would go, just as they had left for Europe in the First World War. The cost in men killed might be high if the war lasted for some time, as many Canadians remembered the price that had been paid from 1914 to 1918.

At the same time, a war could provide the needed stimulus to accelerate significantly the government's schedule for recovery from the depression. Canada's involvement in the First World War had produced an industrial boom and the technological changes in armaments in the intervening years made it likely that even greater demands would be placed on Canadian industry this time. Army enlistments and employment opportunities in munitions factories could absorb a large share of the country's unemployment. At the same time, new markets would suddenly open for Canadian agricultural products. Munitions would be required by Canadian and allied armies and soldiers and refugees caught in the struggle would have to be fed. A war could open almost limitless economic opportunities for Canada.

However, before Canadians could consider playing such a role in supplying war needs the country's economy needed reorganization. The goal would be to maximize industry's productive efficiency. To achieve that would require government intervention based loosely on the experiences of the First World War.

During that war Canada provided both munitions and food to Europe, but its contribution produced postwar economic instability as a byproduct. The government had been unable to control rapid price inflation during the war or prevent a postwar deflation and unemployment as munitions industries returned to consumer goods production and soldiers came home to find no jobs waiting for them. Unemployment generated social and economic unrest culminating in protests like the Winnipeg General Strike. This could not be allowed to happen again. The simplest means of avoiding a repeat would be to prevent inflation from gathering force. If the government could do this, it could solve many potential economic, social and political problems that might otherwise face the nation's leaders as the war progressed.

At the same time war provided the government and its senior bureaucracy with other economic opportunities. Could wartime munitions production and industrial development break the boom and bust cycles that had dominated the Canadian economy from the end of the First World War? Could the economy be reorganized under wartime conditions to set the course for a permanent era of prosperity following the end of the conflict? These and other questions absorbed the thoughts of the bureaucratic and political elites as the war developed and Canada's contribution exceeded the most optimistic expectations of its leaders in 1939. By the fall of that year, however, with the war just underway no one could imagine just how all-encompassing the conflict would become.

No matter how long the war might last, it would have an impact on the average Canadian. Just as technological advances in munitions and aviation ensured that this war would be fought in a very different fashion from previous wars, so too individual Canadians would find their role and the demands made on them by their government had changed as well.

Any attack launched against Canadian territory would require all citizens to defend the country, but in the interim the heightened productive effort expected from Canadian industry also demanded increased participation by individuals all through the manufacturing chain, from raw materials to end products. However, this industrial mobilization would require centralized control and direction of the economy. Finite quantities of raw materials had to be allocated among munitions producers and between munitions and consumer goods industries. At the same time, consumer goods might require control as well, to prevent hoarding and competition for goods in short supply from driving up prices and producing an inflation comparable to the chain of events that plagued the management of the domestic economy during the First World War.

The simplest way to beat the growth of inflation would be through a system of price and related wage and rationing controls. The recent comments of the Fraser Institute on price controls might well have been made by government officials examining the Canadian economic situation at the outbreak of the Second World War:

> If there is a case to be made for wage and price controls, it is that they have an effect on people's expectations. They are supposed to make people feel that the inflation rate will be lower in the future and will encourage them to plan accordingly. The reason that controls are supposed to have their effect is that people are supposed to believe that controls will stop inflation. It follows from this that the key element in the success of wage and price controls is the extent to which people believe that the programme will be a success. In turn, a key aspect of general belief is obvious general support for the controls programme. 1.

Such a strategy would become a major component of price control, but first major challenges had to be overcome even to mount such a program. It would be very difficult to administer any price control scheme across a nation the size of Canada. Even a limited system of controls on key commodities would be tough to handle for the professional civil service was not large in number yet it faced a more complex economy than the government and some businessmen had tried to regulate during the First World War. To perform a similar task this time even given the knowledge of past experience, the government would require outside assistance. The civil service would require the help of the business community just as they did in the First World War. As R.D. Cuff has suggested, in that conflict government turned to business as there was nowhere else to look:

> The military services lacked sufficient experience of economic problems and concepts of industrial planning to undertake mobilization unaided; civil service personnel were too small in numbers and too enmeshed in routine to respond adequately to the crisis. On the other hand businessmen possessed the skills in handling personnel, supervising technical operations and managing administration which were now vital to an enlarged state bureaucracy. Moreover, they were skilled in the art of bargaining and the state now had to have by its side men who were sensitive to the ceremony and ritual of the business game and who could therefore persuade the holders of private economic power to support its policies. 2.

Business assistance in regulating the economy may not have been immediately required in the first months of the war in 1939, but just as in the First World War business leaders soon perceived that it would be in their own best interests to become involved as quickly as possible. Examining the United States War Industries Board during the First World War, Cuff has suggested that in working with government, business wished to extend to government activities the sort of co-ordination, centralization, efficiency and standardization that characterised corporate operations. 3. If government and business shared similar opinions and operating procedures they could work together more easily both during the war and in the post-war period. Such a compact possessed mutual benefits. Business could ensure that government did not act in wartime to destroy the climate needed for business success and could prevent business being saddled with post-war restrictions detrimental to growth and free-reined operations. At the same time, government could use business support to stimulate needed munitions production for effective prosecution of the war and to ease the post-war return to a consumer goods-based economy without a repeat of the deflation and depression that followed the end of the

First World War. If all went well business could be successfully re-established on a cound footing and the governing party could retain the support of the public.

In more immediate terms in 1939, just as government-business co-operation could prevent a post-war depression, it could also lead the Canadian economy out of the existing depression that had engulfed the country throughout the previous decade. Here price controls could have a considerable impact in much the same fashion as occurred in the First World War. Cuff and J.L. Granatstein have noted that in that war "price agreements could place floors under markets where the demand was weak and ceilings where the demand was dangerously high; priority regulations could feed the starving as well as regulate the greedy and co-operation with a public agency encouraged the kind of industry wide-agreements which if taken privately, were susceptible to legal prosecution." 4.

If this change was to take place, it would have to be supervised by government, which in turn presented tremendous opportunities for growth of both the size and the power of the federal bureaucracy. Businessmen would be recruited to help rationalize industry and prepare it for the task of producing wartime munitions, but the long term winner would undoubtedly be the bureaucracy. Having made such a massive intervention into the operations of the economy it would be unlikely that the government, after the war, would be either ready or willing to sit back and allow national economic development to take place without any input at all. If business gained through its association with government during the war, the federal civil service made even more significant advances.

The Wartime Prices and Trade Board was the agency through which both business and the civil service operated to guide the domestic economy through the dislocations necessitated by wartime. As happened with government regulation of the economy in the First World War, the WPTB could provide "opportunities for some businessmen to secure readjustments of the terms of trade between suppliers, producers and consumers in their industry by virtue of their political power within the new regulatory institutions." [5] It would be these new institutions, however, that would wield the power, and once given that control, they would be reluctant to surrender it once hostilities had ended.

The participation of business in government during wartime caused some problems as the possibility always existed that some abuse of that power could develop that might thwart the government's wartime objectives.

More important, however, through the activities of the Wartime Prices and Trade Board, the bureaucracy gained much knowledge and understanding of the operations of the economy, and how government could act to influence or alter the country's economy. The process of removing controls after the war would demonstrate how well the federal civil service learned from its wartime experiences.

At the same time the simple question of how the Canadian economy should be regulated also challenged the WPTB. The First World War provided an example but on this occasion the government wished to alter, not repeat, the difficulties of the past. In 1939 would wartime industrial planning be based on a coherent philosophy of overall objectives or would it merely consist of a series of informal agreements between businessmen in industry and others in government service made acceptable to the public because they had been achieved by a government agency? Even if the senior bureaucrats tried to impose an overall direction on the controls programme, could any administrative or regulatory body do anything more than merely share power with the industries it regulated? Civil servants had to rely on those industries for support and information in order to shape decisions. A feeling of mutual trust could easily develop, and could result in a surrender of control if administrators did not exercise great caution before acting.[6]

The government had been unable to exercise an independent role during the First World War. Now, having just lived through the nation's most serious economic setback to date, both government and business realized that the country could not return to such conditions after the war. As Tom Traves has pointed out, Canadian business leaders could not rationalize the economic and social order in 1918-19, "principally because they did not achieve political security. To escape agrarian, labour and small business interests, which usually expressed themselves most forcefully at a local level, American corporate leaders turned to their national government to provide favourable legislation and protection. In Canada, this tactic proved impossible. Agrarian interests were a major force in national as well as provincial politics and organizational and institutional differences between the Canadian and American political systems prevented Canadian corporate interests from prevailing after the fashion of their southern counterparts." 7.

However fate, in the person of another war gave business another chance in 1939. During the First World War in the United States, Cuff noted that "one of the central goals of the business synthesizers ... had been to prove what private corporate leadership could do in conjunction with a friendly state." [8] That challenge faced Canada's business community as the Second World War approached in late 1939. From the government's point of view, it became evident during the war that some senior officials in the bureaucracy also saw the war as a challenge. For them, the expansion of the civil service in wartime was an opportunity to increase the bureaucracy's competence and influence so that in future it would not again have to turn to outside help in times of crisis.

Through the Wartime Prices and Trade Board business and government would have an opportunity to achieve what each had failed to achieve after the First World War. At the same time the two had to work together to convince the public that inflation had been contained. The degree to which the public believed that message would determine the severity with which the government might have to administer price and related controls. By controlling the price and distribution of most commodities the Wartime Prices and Trade Board exerted a dominant influence on the domestic economy in Canada during the Second World War. Established to control inflation, the Board moved cautiously at first, gradually extending its authority until inflationary developments in mid-1941 forced the Board and the government to impose a universal price freeze.

Although the WPTB and the government portrayed that freeze as an unbending law that would halt inflation, behind the scenes the Board proved considerably more liberal. It granted exceptions to its rules and worked with business to ensure that price control would not exact too high a toll on commerce and industry. These concessions generated inflation although it could not be easily detected if Canadians examined the cost of living index. In total the changes and modifications made to the price control program throughout its life were such that the system in operation by the end of the war in 1945 with its numerous subsidies and exceptions, bore little resemblance to that imposed by the government in October 1941.

Without some attempt to limit the growth of inflation the federal government and the nation's business community risked a repeat of the post-war depression and civil unrest of 1919-20. The end result of such activity could be a move to replace the existing economic system in Canada. Thus price control was introduced to convince the public that the government was controlling inflation. Then in the decontrol period the WPTB gave a head start to existing firms in conversion to consumer goods production. This ensured that no fundamental shifts in the control of the economy would take place. In essence price control in Canada as administered by the Wartime Prices and Trade Board existed to preserve the economic status quo during wartime.

FOOTNOTES

1. The Fraser Institute, The Illusion of Wage and Price Controls, (Vancouver, 1976) p.xviii

2. Robert Cuff and J.L, Granatstein, Canadian-American Relations in Wartime from the Great War to the Cold War, (Toronto, 1975) p.8

3. Robert Cuff and J.L. Granatstein, War and Society in North America, (Toronto, 1971) p.7

4. Cuff and Granatstein, Canadian-American Relations, p.17

5. Tom Traves, The State and Enterprise: Canadian Manufacturers and the Federal Government 1917-1931, (Toronto 1979) p.29

6. Cuff and Granatstein, Canadian-American Relations, p.16

7. Traves, The State and Enterprise, p.28

8. Cuff and Granatstein, War and Society, p.18

Chapter One

The Early Days of Price Control

It did not take the government of Canada long after war broke out in Europe in September 1939 to establish an administrative body to regulate the domestic economy. Despite public talk that Canada would declare war on its own accord, senior politicians and bureaucrats knew there was no alternative but to participate. However, no one knew how long the war would last or how extensive Canada's participation would become. Those questions would not be answered until the spring of 1940.

That interim period may have been a blessing for it gave the government and its administrative creations an opportunity to test the regulatory waters. In its first few decisions in the fall of 1939, the WPTB established a framework for operations that it retained throughout the rest of the war. Even the move from a "phoney war" to the real thing in May 1940 did not force the Board to alter its administrative practices.

However, within the broad confines of WPTB operating procedure, continuous refinements did take place to improve relations with the business community or to gain more information about the activities within any specific sector of the economy.

As the munitions demands placed upon Canada increased, the domestic economy began to change. Employment opportunities expanded and idle industrial capacity was revitalized. These twin developments exerted pressure on the economy by the start of 1941, leading to the start of an inflationary spiral. Obviously it would fall to the WPTB to confront this threat to domestic economic stability.

However, effective response first required alterations to the Board's management, to its relations with other government departments and to the regulations under which it operated. After lengthy debate within the government, the needed changes paved the way for an increased Board presence in the domestic economy throughout the remaining years of the war.

(i) The Creation of the Wartime Prices and Trade Board

As the likelihood of war increased in the late summer of 1939, the government of Canada prepared for involvement in the conflict. Equipping and enlarging the military would obviously be a major task but attention would also have to be paid to the domestic implications of modern warfare. The government had little precedent to draw upon as few attempts had been made in the Great War to regulate the economy. Then, as industry switched from the production of consumer goods to war munitions, scarcities of essential raw materials and consumer goods generated rapid and dramatic price inflation. The government responded in a minimal and ineffective fashion to this increasing domestic crisis. Such inertia in the face of major economic dislocations in Canadian society continued into the post-war years as inflation gave way to deflation and economic hardship while the government watched from the sidelines. As the American National Bureau of Economic Research noted in discussing the Canadian financial system between 1914 and 1918,

> The prevention of inflation was no part of government policy and the relationship between war finance and inflation was misunderstood both in government and in financial circles. Business recession was accepted with resignation as the inevitable aftermath of war. In fact, the government undertook little direct responsibility for war production; only limited direct controls were imposed on the allocation of raw materials, labor and final product; modest use was made of the tax instrument as a source of revenue or as a counter-inflationary device; and fiat money was issued. 1.

In fact, the government took few steps to regulate the nation's economy beyond prohibiting strikes and lock-outs, publishing rent regulations and issuing an order-in-council forbidding the accumulation of "unreasonable" stocks of consumer goods, foodstuffs and other assorted commodities and raw materials, and requiring hoarded goods to be sold at just prices. This laissez-faire response produced dramatic results. During the war wholesale prices increased 99% while the cost of living jumped 49%. The price of specific goods showed wide variations. While vegetable products rose 120%, iron and its products increased 127% and textiles and fibres jumped 170%, wood products increased only 39% and non-ferrous metals and products rose only 44%

during the conflict. In other sectors, manufacturers' materials jumped 113% although construction materials increased just over 50% in costs. [2.]

With war an increasing possibility in the last years of the 1930s, clearly a repeat of this hands-off attitude could not be condoned. Such inflation would severely limit wartime production efforts as battles would break out over the allocation of raw materials and the production and retail cost of both consumer goods and war materials would skyrocket. There could be no repetition of the inflationary growth of the Great War, but in the early stages of a war, inflation could prove a valuable tool for economic growth in a country recovering from a decade of depression.

In 1939 Canada remained in the grips of a depression that had dominated the world economy during the preceding decade. As the Canada Year Book recorded, the monthly weighted index of general wholesale prices in the country declined in the late summer of 1939:

Month	1938	1939
January	83.8	73.2
February	83.6	73.1
March	83.1	73.2
April	82.3	73.4
May	80.3	73.7
June	80.1	73.3
July	78.6	72.6
August	76.0	72.4 3.

In the face of these figures inflation could stimulate economic growth and halt similar declines in the index of retail prices of various commodities from 1938 to 1939.

Month (1926 = 100)	Food	Fuel	Rent
1938			
January	78.4	85.5	89.0
February	77.9	85.3	89.0
March	78.6	85.7	89.0
April	78.8	85.6	89.0
May	77.7	85.3	90.3
June	78.1	84.5	90.3
July	78.4	84.3	90.3
August	80.7	84.6	90.3
September	77.6	84.7	90.3
October	77.1	85.1	90.1
November	76.6	85.5	90.1
December	76.2	85.6	90.1
Average	78.0	85.1	89.8
1939			
January	75.2	85.7	90.1
February	74.5	85.4	90.1
March	74.5	85.3	90.1
April	74.5	85.1	90.1
May	74.6	84.5	90.0
June	74.3	84.3	90.0
July	75.1	83.9	90.0
August	74.9	83.7	90.0

Month	Clothing	Sundries	Total	
1938				
January	73.3	94.1	84.1	
February	73.3	94.1	83.9	
March	73.7	94.1	84.3	
April	73.7	94.1	84.3	
May	73.7	94.1	84.2	
June	73.0	94.0	84.1	
July	73.0	94.0	84.2	
August	73.0	94.0	84.9	
September	73.4	94.0	84.1	
October	73.4	93.9	83.9	
November	73.4	94.2	83.8	
December	72.8	94.2	83.6	
Average	73.3	94.1	84.1	
1939				
January	72.8	94.2	83.3	
February	72.8	94.2	83.1	
March	72.8	94.1	83.1	
April	72.8	94.2	83.1	
May	72.8	94.3	83.1	
June	72.6	94.1	82.9	
July	72.6	94.1	83.1	4.
August	72.6	94.1	83.0	

Inflation could help return prices to 1920s levels but close watch would be required to prevent inflation growing too quickly and becoming a liability rather than an asset in the conversion of the Canadian economy from peacetime to wartime production. Should inflation gather momentum it seemed that only a vigorous price control programme might prevent a repeat of the events of the Great War with their adverse effects on the domestic economy.

Supply and demand normally controlled prices with minimal government interference but a major shift to war production would distort this economic pattern. It would be costly and time consuming to rely on the increasing price of consumer goods and a resultant reduction in consumer purchasing to force industries to switch from the manufacture of these goods to munitions production. Economist and senior wartime civil servant A.F.W. Plumptre in discussing the difficulty in applying the operations of the pre-war economic system to a wartime situation, observed that:

> If, in peace-time, more of certain articles and commodities is demanded the price is usually allowed to rise and the resulting profits bring forth increased supplies; but this method cannot be relied upon to bring forth war supplies for two reasons. First, the response of private producers to the profit incentive may be insufficiently quick and insufficiently co-ordinated; second, public opinion nowadays will not stand for high profits on war production . 5.

The government realized the overriding importance of making a speedy transformation to a wartime economy. The proclamation of the War Measures Act on September 1, 1939, retroactive to August 25, helped achieve this goal. Under this act federal authorities expropriated regulatory powers and the constitutional authority from the provinces required to prepare Canada for war.

For the duration of the emergency the federal government could intervene in the provincial sphere of jurisdiction, citing the overriding national interest as the justification for action.

The War Measures Act allowed the federal government to regulate the economy to eliminate inflationary pricing by Canadian manufacturers and retailers. The Mayor of Hamilton, Ontario suggested a way to achieve this objective in a September 2, 1939 telegram to the Prime Minister requesting "the establishment of price control board at once scores of representations made to us as to profiteering." [6] His views paralleled those of the government. On September 3 order-in-council P.C. 2516 created the Wartime Prices and Trade Board (WPTB) and established the regulations under which it would operate.

Senior civil servants in the Department of Trade and Commerce staffed the new Board. Hector B. McKinnon, the Commissioner of Tariffs became its Chairman and only full time member. Two part time appointees, F.H. McGregor, the Commissioner of Excise, and David Sim, the Commissioner of the Combines Investigation Act, joined McKinnon on the Board. After the announcement, the Globe and Mail applauded the creation of the WPTB: "The people ought to have the utmost confidence in the personnel of the Prices and Trade Board. The three members served as combatants in the Great War and have had wide experience as trade and tariff experts during the twenty years armistice." [7.] Six days later through P.C. 2625 the government added A.M. Shaw from the Department of Agriculture and C.P. Herbert, a member of the Tariff Board, to the executive of the new organization.

These officials and Board staff had sweeping powers of investigation over costs, prices, profits and stocks of any "staple or any ordinary article of food, fuel and clothing including the products and materials from or of which any thereof are in whole or in part manufactured, produced, prepared or made and such other articles of any description as the Board may from time to time prescribe." [8.] Licences to produce specific products could fix the maximum price or margin of profit allowed at any stage of the selling process from manufacturer to retailer and could limit the amount of any necessity of life bought or sold by any person or persons. By paying compensation as determined by a provincial superior court justice the Board could expropriate supplies of any essentials for subsequent distribution and could require manufacturers, wholesalers and retailers to report supply levels which could be subsequently published. Local representatives or committees could be appointed by the Board to assist in investigations if necessary.

Among the offences the WPTB could investigate were the selling of commodities at prices deemed higher than reasonable and just or above a price determined by the Board; the hoarding of any essentials; the creation of impediments to the production or distribution of essential goods; impeding any Board investigation; or the sale of a necessity of life without a license when such a license was required by the Board. Only essentials produced by a farmer or gardener on land he personally cultivated remained exempt from Wartime Prices and Trade Board regulations.

The penalties for violation of these regulations gave the Board considerable opportunity to punish manufacturers, producers, wholesalers, jobbers or retailers who did not comply with Board orders. The maximum offense under the Criminal Code would be a $500 fine and/or two years in jail. The Board also made all senior officers and personnel individually and collectively liable for any offences committed by their companies. 9. However in the early months of the war the Board rarely resorted to such penalties, preferring to solve problems by agreements with the producers or distributors involved.

The King government accompanied the formation of the WPTB with the creation of other agencies to supervise the shift to a war economy in the hectic days following the declaration of war on September 10. To provide overall guidance and policy advice the government established an Economic Advisory Committee under the leadership of the Deputy Minister of Finance, W.C. Clark. WPTB Chairman McKinnon sat on the Committee along with representatives from the Customs Branch, the Bank of Canada, the Departments of Agriculture, Mines and Resources, National Defence and External Affairs, the Dominion Bureau of Statistics and the Commercial Intelligence Service of the Department of Trade and Commerce.

The Foreign Exchange Control Board, established on September 16, 1939 acted almost immediately to regulate Canadian purchases and sales of foreign exchange. Early in October the FECB assembled the nation's bankers to inform them that in future, imports and exports of capital would be permitted only under licence. Finally, the formation of the War Supply Board on October 5 to act as the government purchasing agency completed the initial framework for wartime economic regulation.

Political changes accompanied the birth of these new administrative agencies. On September 19, Prime Minister Mackenzie King shuffled his Cabinet moving Norman McLarty from Postmaster General to the Labour portfolio. There, he would be responsible for the operations of the Wartime Prices and Trade Board. With that move, the group that would guide the Board through the first two years of its life had been assembled.

In the initial weeks of the war, Canadians slowly accepted the Board as its Chairman noted in correspondence with the Prime Minister about profiteering and hoarding early in October 1939. McKinnon commented that "hundreds of complaints have been received ... and after thorough investigation, most of these complaints (were) found to be either without foundation or of a trifling nature. However where real profiteering or hoarding [is] found to exist, [the] Board has not hesitated to take action. In fact criminal proceedings are now taking place." 10. In addition, McKinnon suggested that the public should be told "that in the last analysis the effective workings of the Board and other agencies of the government depends on the wholehearted co-operation of the public and each person should ask himself whether or not he or she had, in fact, in some degree contributed to temporary shortage of supplies by purchasing more than normal requirements."

This desire to obtain public assistance and trust, heavily influenced the operations of the Board in its initial months. The Board's summary of activities to the end of 1939 notes that the WPTB has avoided unnecessary prosecutions of hoarders and profiteers if the public received an "adequate and regular flow of supplies." 11. As long as such circumstances continued, the WPTB felt no compulsion to launch a widespread campaign of price-fixing or price controls.

However, the Board would not hesitate to redress specific problems relating to individual commodities. It did not take long for sugar to come to the attention of Board staff. In mid-September, WPTB officials met with sugar refiners to determine available supplies of sugar in Canada. They agreed to release to Canadians 25 per cent more sugar than normal September quantities. By increasing the September allocation the Board prevented sugar companies from creating an artificial shortage by withholding supplies. The Board's actions also showed Canadians that rationing would not be introduced unless absolutely necessary. Soon the WPTB organized its investigative network and assembled an inventory of sugar supplies to pinpoint the extent of sugar hoarding in the country. From this data, the WPTB concluded that panic buying by the public produced the September shortages.

By September 19 the Board had expropriated the stockpiles of several industrial sugar users and distributed an additional two million pounds throughout the country. Even so, problems remained as outlined in a late September telegram from a Trois Rivieres Member of Parliament:

> Chambres Commerce locales Senior et Junior declarent plusiers familles sans sucre et deux plus importants fournisseurs gros sans sucre et trente detaillents sans sucre et ênquete indique rarête sucre Trois Rivières duera toute la semaine (stop) Situation inquietante (stop) Veuillez demander intervention immediate Commission Prix et Commerce Temps de Guerre pour eviter consequences fâcheuses. 12.

On September 29 the government appointed S.R. Noble, an Assistant General Manager at the Royal Bank of Canada in Montreal, as Sugar Administrator. He would buy sugar from Britain through an Empire agreement and resell it to Canadian refiners to guarantee domestic supplies at fixed prices. In effect the Administrator became the sole Canadian sugar importer. As a result, 1940 requirements would be obtained at prices well below world market levels which would assist in stabilizing the commodity's domestic price. 13. This initial foray into controlling specific commodities proved very satisfactory and as a result the Economic Advisory Committee recommended that the sugar agreement be renewed annually until the conclusion of the war. As long as Britain held adequate sugar supplies the agreement guaranteed a percentage of the commodity at a stable price for Canada. Soon sugar faded from the scene as an important concern in the early months of the war, indicating the success of the Board's response. A precedent had been established that the WPTB would apply to other specific commodities when short supplies might produce rapid price inflation.

The WPTB introduced controls over wool at the same time as sugar controls began. On the Board's recommendation, the government restricted the export of wool on September 18 and appointed a senior official of the Cobourg Dying Company, David Dick as Wool Administrator. His responsibilities included negotiating with the United Kingdom Wool Controller to ensure that adequate wool supplies from the Commonwealth would be received by Canadian manufacturers, supervising the purchase, shipment, delivery and allocation of these supplies and accumulating statistical information about the industry. With this data he could make future allocations of the correct grades of wool to war contract suppliers.

In November the government gave the Board through its Administrator the power to fix prices of some grades of domestic and imported wools, and Dick established some maximum prices in the only price control action taken by the Board in 1939. By the end of that year the Board could state that "it is not anticipated that Canada will suffer from any general and continuous shortages of wool, although economy may be necessary in the use of crossbred types." [14.]

In the early months hides and leathers also came under the Board's scrutiny as the government had to balance the need for leather for war contracts with consumer demands that could drive up prices. The Administrator appointed on September 29, 1939 instituted a monthly census of the entire hides and leather industry including tanning and packing companies, dealers and wholesalers. [15.] No further actions followed until the next summer when the government, acting on a suggestion from the Administrator, announced that future exports of hides and leathers plus skins other than fur skins would require the approval of the

Hides and Leathers Administrator. However, the regulation of hides and leathers did not reach the scale of sugar and wool control as severe shortages and threats of price inflation did not exist. 16.

In dealing with necessaries of life, coal also required regulation. On October 21, 1939 Halifax lawyer James M. Stewart became Administrator and assumed the initial task of negotiating exports of British coal to Canada, stimulating the production of coal within Canada and controlling the purchase, shipment, distribution and allocation of coal and other solid fuels within the country. The importance of coal as an industrial fuel and domestic heating source led the Board to bring the whole Canadian coal and coke trade under license in November. All coal dealings would have to be conducted under Board orders. 17. Later the government supplemented the Administrator's powers by giving him the right to deal in coal as Sugar, Wool and Hides and Leathers Administrators had earlier been authorized to act.

These four commodities dominated activities in the first nine months of Board operations. Officials succeeded in alleviating shortages and halting price rises in these commodities but continuous surveillance of the supply, distribution and price of necessities of life would be required to forestall the growth of the widespread inflationary pressures within the economy.

By June 1940 seven officials from outside the public service had joined the four administrators in senior staff positions with the Board. K.W. Taylor from McMaster University served as the Board's Secretary, while Hubert Kemp and J.M. MacDonald from the Universities of Toronto and Manitoba respectively acted as the Board's economic advisors. H.D. Anger, senior partner in the Toronto legal firm of Elliott, Hume, McKague and Anger became the Board solicitor. Harry Brown, former superintendent of the Rosamond Woolen Mills of Almonte, Ontario had been appointed technical advisor to Wool Administrator Dick with W.P. Walker, the comptroller of York Knitting in Toronto serving as his economic advisor. A sugar broker, H.J. Hobbins assumed the role of technical advisor to Sugar Administrator Noble.

Administrators received a salary of one dollar a year plus an additional twenty dollars a day granted for expenses away from home. The administrator's pre-war employer paid the balance of the individual's salary. Despite this potential conflict of interest, the government counted on these senior businessmen to place national concerns above the interests of either their old employer or the industry they would regulate. The Board's summary of activities has noted that "it has been the policy of the Board to appoint to these responsible positions [Administrators] men who were not directly connected with the industries they supervise, but who have a wide experience in business and public service."[18.] A technical advisor chosen from the industry being regulated assisted each Administrator in his dealings with producers, manufacturers, distributors, wholesalers, retailers and the public.

Thus in the early days of price control the government voluntarily allowed each industry under regulation significant input through the technical advisors appointed for each Administrator. Business-government co-operation to regulate business became an accepted method of operating the price control system. Ideally decisions of the Board would reflect a balance between the often competing interests of industry, government and the consumer. Such compromises could be made easily in the war's first months but might become much more difficult to achieve as time passed.

(ii) The Expansion of Commodity Controls

In contrast to the limited activities of the WPTB in 1939, events outside Canada soon forced[1] the Board to expand its staff in 1940. In the early days of the 'phoney war' from September 1939 to the spring of 1940, German and Allied troops stared at each other across the Maginot Line in France. Many observers wondered just how long the war might last and rumours of peace treaties circulated as little happened on the front lines.

Events on the home front matched the lack of activity in Europe. In the war's first months the government decided that Canada's contribution would be on a pay-as-it-goes basis, severely restricting the possible development of a munitions industry. As well Britain ordered few Canadian goods during the 'phoney war' as her own industrial capacity remained intact and Britain did not wish to pay high Canadian prices, particularly for foodstuffs.

The lack of action on all fronts that characterized the war's early months ended dramatically in May 1940 as German troops rampaged across Europe. If any Canadian government officials had believed that the war might be brief, those thoughts had completely vanished by June 1940. It would be a long war and a total war.

In response, the pace of WPTB involvement in the domestic economy accelerated in the spring and summer of the new year. Soon three other commodities assumed importance in the battle against inflation, leading the Board to introduce measures proven successful in the control of sugar, wool and hides and leather. However, the WPTB acted collectively rather than through Administrators appointed for each commodity. Commodities now being regulated would likely require only temporary supervision. Therefore there would be no need for a full time administrator.

Under such a scheme wheat and flour received extensive Board attention in the late summer of 1940. From the autumn of 1939 WPTB officials aided by the Canadian National Millers Association had kept a constant record of regional what and flour prices. When specific pricing problems developed in August 1940, the government empowered the Board to fix the maximum price and mark-up, to prescribe the method by which prices would be set and to regulate the conditions of sale for all breads and flours. The WPTB quickly responded by fixing the maximum price for any grade, type or quality of wheat, flour or bread at the individual selling price on July 23, 1940, [19.] preventing millers from passing on to consumers a newly imposed 15 cent per bushel wheat processing tax. Bakers, nonetheless, found ways of circumventing the Board's plans. The Financial Post suggested that:

> Apparently the effect of the order is not expected to be unduly burdensome, at least by some of the large bakers. One effect is expected to be the cleaning up of the unsatisfactory price competition that has prevailed in many centres for several months past. Lower priced bread, on which the margin of profit and ability to absorb the 35 cent a barrel added costs are limited, might be eliminated. Standardization on fewer types of bread with a greater proportion of sales at the higher levels might go a long way toward offsetting the added costs from the baker's standpoint. 20.

78

The benefits for the producers seemed apparent but the benefits for the consumers were perhaps illusory. The Post suggested that lower income Canadians would indirectly be hurt by the Board's ruling. If bakers produced only higher priced grades of bread, an indirect price increase had taken place. Those consumers who previously had purchased the lower priced grades would have no choice but to pay more for the staple.

Such a concern did not enter the discussions as the Board remained satisfied that its actions had stabilized prices. The crisis passed within a month and the WPTB revoked its price fixing order.

Problems with other commodities could not be solved so easily. Butter provided an example of a difficulty that surfaced in 1940 as a major concern following an initial flood of price increases in September 1939. Investigation at that time revealed the existence of few speculators and concluded that increased prices resulted from "heavy purchases in the trade which, ... were necessary to meet the expectations of a greater demand during the coming year." 21. The Board therefore chose not to act but over a year later butter prices again attracted the interest of investigators.

In early November 1940 the Financial Post reported Board interest in the quantities and ownership of the nation's butter supplies.[22.] Preparing to intervene, the WPTB obtained the power to fix maximum prices and mark-ups for butter when and if necessary, in response to an upward price rise underway since early October. As a staple in almost every diet butter played a role in the rising cost of living as reflected in the Dominion Bureau of Statistics index for food items which rose from 105.4 in September 1940 to 108.7 in November.[23.]

Finally late in December the Board fixed the price of butter at 36 cents per pound. Not all Canadians greeted the move with enthusiasm as one western Member of Parliament bluntly informed the Prime Minister that "it is not enough to have us produce wheat and give it away at half what it costs to raise it, turn over our hog production at a price based on prevailing grain prices, without considering the loss sustained in the growing of grain, permit other interests to bleed us white in prices charged for things we have to buy, then to add insult to injury, allow representatives of whom to fix the price of our products at a starvation level." [24]. Dairymen in eastern Canada also complained. The Premier of Prince Edward Island informed Mackenzie King that "the fixing of this maximum price for winter butter removes the Island farmer's last chance and last prospect of making up a part of the losses which he has sustained through the low market price for potatoes, pork and other farm products which he was obliged to sell during the autumn period." [25]. These complainants were thanked for their views but politely informed that the Board had no intention of altering its order.

In addition to wheat and butter, animal and vegetable oils also caught the eye of Board officials during the first two years of operations. Until the summer of 1940 the WPTB had communicated with officials in the oils industry and collected data for use should future regulation be required. At first, facing possible future shortages, the Board assumed the power to issue licences to control exports of fish livers, and oils in June 1940. Then, in October the Board appointed an Oils Administrator, Dr. George Hilton of Ottawa, to control and distribute animal and vegetable oils just as other administrators regulated their individual commodities.

As control would be needed for a considerable period of time, the WPTB decided a full time official should watch over the industry.

In the first few months of operations the Board developed a standard approach to the initial problems of commodity shortages and rapid price increases. It avoided the imposition of across-the-board price freezes, and concentrated on individual responses when specific problems arose. There was no real need, in these early months of war for action on a broader front. Problems with supply and distribution of specific commodities had produced only a few price increases. Although on the rise, wholesale prices had not yet approached the 1926 levels:

Annual Index Number of Wholesale Prices in Canada
(1926 = 100)

Month	1939	1940	1941	
January		82.6	84.8	
February		82.8	85.4	
March		83.2	86.0	
April		83.1	86.8	
May		82.2	88.8	
June		81.6	90.1	
July		82.6	91.3	
August		82.6	92.1	
September	78.3	83.0	93.4	
October	79.5	83.3	94.0	
November	80.4	83.9	94.0	
December	81.7	84.2	93.6	26.

Similarly living costs did not begin rapid escalation until the autumn of 1940.

Index Numbers of Living Costs in Canada (1936 - 1939 = 100)

Month	Food	Fuel	Rent	Clothing	Home & Farm Services	Misc.	Total
1939							
January	99.9	101.0	103.4	100.2	101.7	101.1	101.1
February	98.7	101.0	103.4	100.2	101.7	101.1	101.7
March	98.5	100.4	103.4	99.9	101.2	101.1	101.6
April	98.3	100.4	103.4	99.9	101.1	101.4	100.6
May	98.2	100.2	103.8	99.9	101.1	101.4	100.8
June	98.1	99.8	103.8	100.1	101.0	101.3	100.5
July	99.0	99.8	103.8	100.1	100.9	101.3	100.8
August	99.3	99.0	103.8	100.1	100.9	101.3	100.8
September	99.4	98.9	103.8	99.6	100.8	101.3	100.8
October	106.3	104.4	104.4	99.6	101.0	101.7	103.5
November	107.1	105.3	104.4	99.6	101.0	101.9	103.8
December	104.7	105.4	104.4	103.3	104.1	102.0	103.8
Average	100.6	101.2	103.8	100.7	101.4	101.4	101.5
1940							
January	104.5	105.5	104.4	103.3	104.3	101.8	103.8
February	104.5	105.8	104.4	103.3	104.3	101.9	103.8
March	104.8	105.7	104.4	107.8	105.9	101.9	104.6
April	104.8	105.9	104.4	107.8	106.1	101.8	104.6
May	104.4	106.1	106.9	107.8	106.2	101.8	104.9
June	103.8	106.0	106.9	109.1	106.5	101.8	104.9
July	105.3	107.9	106.9	109.1	106.9	102.2	105.6
August	105.4	108.4	106.9	109.1	106.9	103.0	105.9
September	105.4	108.5	106.9	112.4	108.9	102.8	106.4
October	106.1	108.0	107.7	113.5	109.7	102.8	107.0
November	108.7	108.5	107.7	113.5	110.0	102.8	107.8
December	109.1	108.5	107.7	113.5	110.7	102.8	108.0
Average	105.6	107.1	106.3	109.2	107.2	102.3	106.8

By 1941, however, the cost of living index clearly showed that economic conditions had started to shift:[27]

Month	Food	Fuel	Rent	Clothing	Home & Farm Services	Misc.	Total
1941							
January	109.7	108.6	107.7	113.7	110.8	103.1	108.3
February	108.8	108.7	107.7	114.1	111.5	103.1	108.2
March	109.0	108.9	107.7	114.2	111.6	102.9	108.2
April	110.1	108.9	107.7	114.3	111.7	102.9	108.9
May	109.7	109.2	109.7	114.5	111.8	105.1	109.4
June	112.5	110.2	109.7	114.9	112.1	105.6	110.5
July	116.6	110.5	109.7	115.1	113.0	105.6	111.9
August	121.3	110.5	109.7	115.7	114.3	106.1	113.7
September	123.3	110.9	109.7	117.4	115.8	106.4	114.7
October	123.2	112.1	111.2	119.6	117.3	106.5	115.5
November	125.4	112.7	111.2	120.0	117.9	106.7	116.3
December	123.8	112.7	111.2	119.9	117.9	106.7	115.8
Average	116.1	110.3	109.9	116.1	113.8	105.1	111.7

In 1939 and 1940 the Board made the obvious decision to use a selective approach to deal with price rises and potential inflation. If a simple action could obtain the desired result, the WPTB acted by itself. When officials concluded that frequent supervision of the commodity would be needed or when co-ordination was required between the Canadian government and British commodity controllers, then the Board appointed an Administrator. Acting in consort with the industry under control and through representatives of the industry seconded to the WPTB, the Board took only the minimum steps necessary to dampen inflationary trends. Widespread intervention in the economy did not enter the minds of Board officials as the WPTB completed its first year of operations.

(iii) Rents: A Change in WPTB Policies

One of the earliest indications of the extent of the Board's potential power came with the growing concern over rapid increases in rents in the spring of 1940. From the start of the war, this component of the cost of living index had risen slowly, but suddenly skyrocketed between April and May 1940.[28] Should the Board intervene? To answer that question the WPTB first had to decide whether rental payments should be considered a necessary of life. If so, then they would fall under Board jurisdiction. The Deputy Minister of Finance W.C. Clark argued that rents could and should be controlled by the Board. He informed Hector McKinnon in mid-April that the Minister of Finance, J.L. Ralston, believed that "rent is one of the main components in the cost of living and that your Board was designed to prevent undue increases in the cost of living. I told him that in your view your Order-in-Council covered only "necessaries of life" in the sense of commodities. He then instructed me to suggest to you that if this interpretation be correct, you should take steps to get the necessary amendment to your Order-in-Council."[29]

McKinnon replied that rent control would be very complicated, requiring extensive administrative machinery. As long as McKinnon remained the Board's only full time executive member, the WPTB would be hard pressed to expand its operations. Further, McKinnon indicated that the Board did not have the necessary administrative personnel to regulate rents. Despite these misgivings he agreed to discuss the idea with his Minister, Norman McLarty. [30.]

McLarty in turn took up the McKinnon cause, suggesting to Ralston that no further tasks be given to the Board and asking whether the property and civil rights clause of the British North America Act that gave control in these fields to the provinces had been completely abrogated by the War Measures Act. If rent increases occurred in only a few isolated areas across the country, McLarty proposed that municipal and provincial authorities regulate rents. Should rent control be deemed a federal responsibility, he suggested that the Department of Finance be given the assignment. Ralston replied in mid-May by reiterating Clark's original statement that as rent comprised a part of the cost of living it fell under the Board's control. [31.]

In July, McKinnon again contacted Clark, with continued complaints about rental costs received by the Board after the spring jump in rents. The Chairman of the WPTB requested a decision on who controlled rents to avoid any continuation of the public impression that the Board was not performing the tasks assigned to it.[32] He again suggested that the Board already had too much on its plate as it had recently assumed the responsibility for enforcing the new War Exchange Tax.[33] McKinnon proposed that the rent problem "might well be left to the provincial and municipal authorities, or failing that, let it be entrusted to a competent federal authority (who might have to be created for the purpose) whose sole responsibility would be to control rents throughout Canada." To end the confusion, the Chairman wanted to refer the issue to the Economic Advisory Committee. The Minister of Labour formally requested that the Committee comment on whether the provinces and municipalities rather than the federal government might better regulate rents. The EAC could recommend the appropriate supervisory agency should rent control be deemed a federal responsibility and could also suggest how the programme should be implemented.[34] Of course, Clark's position as Chairman of the EAC pre-determined the Committee's recommendations.

The EAC concluded, predictably, that rent control was indeed a Dominion problem, although assistance would be needed from provincial and municipal authorities to administer any control scheme. Despite the Committee's failure to agree on whether a Rentals Administrator should be appointed to the Wartime Prices and Trade Board or a Rental Advisory Committee should be established separately within the Department of Labour, it proposed that rent controls "be extended only to localities designated after investigation had shown an acute situation to exist, and that actual administration be carried on through local bodies such as the Board of Revision or a local committee appointed for the purpose. It was agreed also that, while rents should be controlled where the situation is acute, no attempt should be made to freeze rents at abnormally low pre-war levels." 35. As Clark had originally recommended, on September 11, 1940 the WPTB assumed responsibility for rent control. Although the Board's original orders did not define housing as a necessity of life the government decided that the WPTB must act in the national interest. A day before the order's proclamation the Globe and Mail had called on the government to act on the rentals problem, commenting that "a flood of protests daily reaches Ottawa indicating that rents in such centres as Halifax, Barrie, Ottawa, Kingston and Vancouver are steadily mounting, as much as 20, 25 and even 100 per cent." 36.

In late September Judge William Martin from Saskatchewan became the Board's first Rentals Administrator with the Director of Housing in the Department of Finance, Frank Nicholls acting as his Technical Advisor. The Administrator could fix maximum rents as needed, could appoint local committees to consider complaints about rentals and housing accommodation and could also make regulations about rental accommodations. 37. In fact, he wasted no time in issuing "order seven" on the same day as his appointment. In future any lease in effect on January 2, 1940 would become the maximum rent for any premise. If no lease existed in 1940 but there had been one in 1939, that rent would become the maximum. Finally, if no lease existed for either year the Administrator could set a maximum rent and his decision would be final. After October 1, 1940, all tenant rental payments above the determined maximum would be refundable to tenants and all leases would be amended to comply with this new order.

Initially order seven applied only to selected communities facing acute shortages, but during the next three months the Administrator established Rentals Committees in many communities and expanded the geographic area under regulation. [38]

The efforts of the Board met with success as rents stabilized until early in 1941, when the Financial Post complained about the Board's tendency to peg rents across the whole country. The newspaper supported rent control in the few isolated industrial communities where war plant employment increases outstripped the supply of housing, but argued that across the rest of the country, provision of new housing for the population should be left in the hands of private industry. The private sector should also control the rents charged for their premises. [39] The Post's interest in this subject was not surprising for in the first two years of the war 51 of the 64 orders issued by the Board dealt with rents. [40]

Problems again surfaced in the summer of 1941 as the Board received reports of some landlords disobeying the Administrator's decisions by exceeding maximum rent levels. The rental component of the cost of living index reflected the evasion, jumping a full two points between April and May 1941 after having remained stable for the previous three months. In August 1941 the government responded, making violators of rental regulations subject to the same penalties as provided in the regulations concerning the necessities of life. [41.] Until this point the Board had not punished violators at all, perhaps assuming that all Canadians needed time to adapt to rent control.

Rental regulations again expanded in November 1941 to a total freeze on rents across the whole country. The rate in effect on October 11, 1940 would be the maximum chargeable rent but if no lease existed on that date, the rent charged in the first signed lease after January 1, 1940 would become the maximum. The regulation automatically amended all leases in the country to incorporate this new maximum but did not alter any previous act of the Board, its Rentals Administrator or his officials. Finally the order-in-council authorizing the freeze made the landlord guilty for charging too high a rent, and each tenant subject to penalty should he pay too high a rent. [42.] By making both tenants and landlords liable to prosecution, the Board hoped to remove any incentive on their part to conspire to violate the regulations. Hopefully it would also encourage individuals to assist the Board's very limited enforcement staff by reporting possible violations.

Beginning in 1940, the Board's involvement with rents marked a distinct departure from its previous administrative activities. Economist and Board staff member A.F.W. Plumptre has noted that rent control "was the first case to be handled by the Board in which a basic shortage existed; other shortages with which the Board had dealt had been temporary, or in some cases imaginary. In this instance the Board had engaged in a widespread programme of price-fixing; that is, it had 'frozen' rentals at the level of January 2, 1940, except in special cases." 43. The general pattern of price control in Canada would soon shift toward this new method of operations.

The rentals case also pointed to another trend that would gain prominence as the months passed. Although government departments did not interfere in the daily operations of the WPTB, the Board did not have total autonomy. A senior group of civil servants clustered around Deputy Finance Minister W.C. Clark in the Economic Advisory Committee provided the policy advice to Cabinet that shaped the country's response to the economic demands of the war effort.[44]. When the EAC recommended to Cabinet that the WPTB control rents the protestations of Board Chairman McKinnon fell on deaf ears. The Board would do what it was told.

(iv) Preparing the Way For the Price Freeze

During the first two years of the war the WPTB's tasks remained relatively simple. The agency dealt with single commodity problems as they arose, disposing of each in the most expeditious fashion possible. However, behind these infrequent forays into regulation of the economy, some Board and government officials closely followed trends developing in the economy that would soon place a much greater burden on the Board in its capacity as an inflation fighter.

The Board had hoped to avoid widespread price control through close supervision and regulation of selected commodities but in late 1939 or early 1940 a report likely prepared by the Department of Finance, looked into the future and predicted that,

> there are various conditions which suggest that widespread close control will not be necessary until after a considerable period. Chiefly this is a reflection of the fact that Canada is not fully employed, as Germany and England are and, in any event, Canada is not yet, and will not be for some time, on a full war basis economically. It is probable that the adjustments necessary in the intervening period will require movements both in specific and relative prices, and in the price level generally. Until these adjustments are made, control could hardly hold prices stable without imposing serious obstacles to the achievement of our maximum production. 45.

The report did however indicate that more controls might be required to limit profiteering and speculating, to halt price increases for items purchased by the government, to distribute goods in short supply more equitably and to reduce the effects of inflation on the distribution of real income during and after the war. In the immediate months however, the government planned no changes, as a report on WPTB structure and workings in May 1940 noted that "should the war and future course of events create a genuine scarcity of supplies, on this continent Canadian policies of price control might have to be modified to meet changed conditions. But for the present the Board does not anticipate any extensive use of its reserve powers." 46.

Other issues dominated discussions as senior civil servants revised the government's wartime economic organization. In April 1940 the government phased out the War Supply Board and created the Department of Munitions and Supply under the leadership of C.D. Howe to take its place. The new ministry commenced full scale operations in June 1940 although Howe had been appointed Minister on April 9.

Officials of the new department concluded that a board, similar in nature to the WPTB but dealing solely with munitions production industries, would be needed to organize and rationalize industry and to regulate the flow of raw materials for war production. On June 24, 1940 the department created the Wartime Industries Control Board (WICB), initially appointing Timber and Steel Controllers. By the autumn Oil, Machine Tools and Power controllers had been added to the WICB's roster. These controllers had similar powers and operated in the same manner as WPTB administrators. The control of steel served as an example for it operated "on the basis of a calculated co-operation between industry and government. Those who co-operated could count on all the help in Howe's power. Those who refused to adapt, or who failed to understand what was required of them, could always be coerced. Or worse still, they could be ignored." 47. With this mandate, the WICB worked hand in hand with the WPTB on supply problems that threatened both munitions and consumer goods production.

In April, with as yet little indication that Germany would roll over the European continent, the Wartime Prices and Trade Board's Chairman had looked to the future with some trepidation. The initial supply and price problems had been alleviated but McKinnon was not pleased. In a letter to the Minister of Finance, J.L. Ralston, he traced the Board's activities and predicted that Canadians would accept price fluctuations "as inevitable, but irregularity in or uncertainty of supply will be the real nightmare before another year has passed." 48. He recommended that the government concentrate on improving internal co-ordination to deal with supply problems. Planning should establish roles for each wartime agency. McKinnon might merely have been reacting to the growth of government agencies involved in economic regulation that threatened the power and the scope of the WPTB but he wisely noted that "we began as police; we found ourselves forced to become providers; we, or someone else, must soon function as planners." He proposed that this activity be co-ordinated through Ralston's office. The Financial Post soon drew public attention to this issue by suggesting in early May that to improve co-ordination, the Wartime Prices and Trade Board should be united with the new Department of Munitions and Supply so that competent members of the WPTB "will be able not only to smooth out bottlenecks in such problems as sugar, coal, wool and leather, but also in materials which enter more specifically into the manufacture of munitions and war supply." 49.

McKinnon's suggestion spurred the EAC to launch a study of the relationship between the WPTB and the Department of Munitions and Supply. Should the Board be integrated into the Department or should an informal working relationship be established between the two bodies? On May 31, 1940 the EAC advised Cabinet that the Board and the Department should retain their independence but operate under the direction of one Minister to prevent overlap and conflict between the two bodies in the coming months of the war effort. 50. Having been presented with a preview of the EAC's findings at its May 29, 1940 meeting the Cabinet War Committee decided that although the Board might be transferred at a future date, for the moment there would be no action. [51] There is no indication of the exact reason for not acting at this time. Speculation might suggest however, that with Europe rapidly collapsing the Cabinet devoted its attention to more pressing problems.

As the summer ended the Economic Advisory Committee hinted at future problems in its review of the government's economic performance in the first year of the war. The report noted that the cost of living had risen 4.5 per cent and with possible rent and clothing problems in the coming year it could go higher still. Nonetheless, the EAC remained optimistic in noting that there "is little as yet in the record of prices to indicate any general inflation. Changes reflect rather increased industrial activity, and external influences, such as exchange premium, ocean freights and indirect taxes. In the case of rents, local shortages are the operating cause. Such danger as exists of higher prices will come probably from wage increases resulting from labour shortages." [52]

The Financial Post warned in mid-October of a general upward movement in prices on the horizon with accompanying worker demands for higher wages. Tracing the history of price changes since the start of the war, it pointed to "a sharp advance gradually slowing down until March 1940. Then there was a period of more than two months when commodity markets settled down. But since the end of May the index has been advancing slowly." 53. Meats, metals, coal, wool fabrics, lumber and miscellaneous fabrics caused the most recent price rise but the Post believed that price control machinery could adequately handle any problem. The editors expressed only one doubt: "The vital problem upon which no decision has yet been made, and apparently little consideration has been given to it by the government, is where must the line be drawn in price control?" 54.

Continuing on the same theme, in that issue the paper publishing the predictions of a "well-known Canadian with wide experience as an economist, banker and investment counsellor". That individual suggested wholesale and retail prices would rise in 1941, more rapidly in the second half of the year than the first, as a result of increased manufacturing processing costs while raw materials remained in oversupply. A price rise in the United States due to shortages induced by rearmament would produce price rises in Canada as well. The expert also suggested that retail prices would rise almost as quickly as wholesale prices (about five per cent in the first half of the year and ten per cent in the second) but the retail cost of living would rise more slowly. He based his predictions on a comparison of contemporary events with those of the Great War.

Despite that prediction few price rises occurred in the first month and a half of the new year. Grant Dexter, Ottawa reporter for the Winnipeg Free Press commented on February 17, 1941, that "on the economic side, price increases are being held down, shortages are being relieved, rents are being controlled, the cost of living generally is being kept in balance." 55. He then compared the 34 per cent increase in wholesale prices in the first two years of the Great War and the resulting 12 per cent cost of living jump with the 16 per cent rise in wholesale prices to December 1940 and seven per cent increase in living costs. Government figures supported Dexter's conclusions as the index of living costs had remained almost stationary between December 1940 and March 1941. In a private memo in Mid-March to Free Press editor J.W. Dafoe, Dexter repeated his views that "under the strain of war the cost of living so far has gone up very little ... The Wartime Prices and Trade Board has succeeded in avoiding internal price rises and there is no sign, as yet, of inflation."[56]

Government officials could not afford to remain so optimistic, for price rises would begin once the nation reached full employment of manpower and industrial capacity. Demand for goods by consumers would increase as more people had money to spend, but the quantities of goods available would decline as war production replaced the manufacture of consumer goods. Special Assistant to the Minister of Finance, W.A. Mackintosh not surprisingly warned the Canadian people at the end of May 1941 that the country would need still "tighter wartime controls over prices and essential supplies to offset new factors to press prices upward and pinch off previous supply sources."[57]

The government had acted back in December 1940 to control wages in munitions industries to restrict the wage and price spiral that could generate inflation. The specific order-in-council "in effect prohibited Conciliation Boards from recommending wage rates higher than those existing at the time or in 1926-9, which ever were the highest. The Boards ... were permitted to recommend bonuses which would protect workers against increases in the cost of necessities but, apart from these cost of living bonuses, the intention was to put a ceiling on the upward movement of wage rates." 58. As well, restrictions on commodity imports reduced foreign exchange leaving the country, and an excise tax applied to a wide range of electrical and household appliances limited consumer goods production that diverted raw materials from munitions industries. The WPTB ensured that any reduction in competition resulting from these new regulations would not produce price increases and that manufacturers would not take advantage of the tax to widen gross profit margins by increasing their prices unnecessarily. 59.

The growing number of controls administered by the government led inevitably to consideration of a reorganization of wartime regulatory agencies. The

Clerk of the Privy Council, A.D.P. Heeney raised the matter with the Prime Minister on June 19, 1941, noting that Hector McKinnon, the WPTB Chairman, had previously commented on the number of agencies created to control the various sectors of the economy. McKinnon had said that "the problem of co-ordinating the functions of these agencies in order to give due weight to different and often conflicting interests has become increasingly difficult." 60. He proposed that the EAC review the whole organization of the government's economic administrative machinery. Discussions between Heeney and Norman Robertson, the Department of External Affairs representative on the EAC, led to a similar conclusion. Heeney, backed by W.C. Clark, recommended that King instruct the EAC "to make a general review of the existing machinery for the carrying out of the government's economic policies, in relation to the national war effort, with a view to making recommendations as to any revision of functions or re-allocation of responsibilities which would ensure the maximum degree of co-ordination and efficiency in all government activity in the economic sphere."

Increasingly the government relied on the EAC for economic advice and policy direction on the war effort as it was comprised of almost every senior civil servant connected with economic aspects of the war. Under the able direction of Clark, the EAC became the clearing house through which all suggestions flowed. Keenly aware of the power and intellect of the Committee's members, the Cabinet rarely chose to alter, oppose or ignore an EAC recommendation. Its stamp of approval on a concept or programme gave it instant legitimacy and virtually assured its implementation. Likewise the opposition of the EAC usually served as the kiss of death for any department's plans.[61.]

The EAC's deliberations assumed increasing importance as price and wage increases gained momentum in the summer, leading the Board to tell the Minister of Finance that something should be done. Board members wanted more drastic controls but did not have in mind the total freeze on prices and wages proposed to Finance Minister J.L. Ilsley, by Bank of Canada officials in June 1941.[62.] Asked to reply to this suggestion, the WPTB emphasized the difficulties involved in such a policy and opposed the total freeze suggestion.

By the first week of July, Dexter, who remained a confidant of the Prime Minister and his senior advisors throughout the war, realized that action would soon be unavoidable. He told G.V. Ferguson of the Free Press on July 5 that: "every fact, every statistic indicates that inflation is now present and that unless it is checked it will develop swiftly." 63. However, policy co-ordination remained a major stumbling block to effective government action as "control of prices, materials, wages, industry generally, of taxation and monetary policy is divided among half a dozen departments or agencies some of which seem to regard themselves as watertight compartments. Not only is there no common policy but very often there does not appear to be consultation." 64. He concluded by bluntly informing his editors that "if inflation is to be held within reasonable limits - it is no longer possible to avoid it - drastic control of prices, wages, production and consumption will be required. That is the view of the experts but there is no reason to believe that the government is aware of the dangers that lie ahead."

Completely correct about the need for quick action to counter growing inflationary pressures, Dexter underestimated the perceptive powers of the Department of Finance. Hector McKinnon hinted at the government's understanding of the seriousness of the coming crisis in an interview with the Financial Post in early July. He commented that "further measures of regulation and control of Canadian manufacturers, merchants and consumers appear to be unavoidable. But the severity of such controls will depend to a large extent on the degree to which business men and consumers are able to understand and co-operate with governmental authorities." 65. To this point there had been little overall economic regulation of the country's producers and consumers. The Board had moved in that direction with rent regulations the previous autumn but the lack of subsequent action suggested that little enthusiasm existed for further steps into price-fixing for other than very short periods of time. In part the Board's lack of action resulted from its limited mandate over only essential goods.

McKinnon, however, now held out an invitation. If business worked with the Board, the WPTB would only impose controls when it became absolutely necessary. In the interim, the business community could be sure of having its say in the consideration and drafting of any regulations that might be introduced. It proved too good a deal for business to pass up. Through the staff that had been recruited from the business world, informal industry-Board links already existed. Actions in the coming months would considerably strengthen this bond. The Economic Advisory Committee presented its alternatives on July 30, 1941. The government could either (1) create a Department of Price and Supply, (2) improve policy co-ordination without forming a new department, (3) reorganize the economic administration of the government and attach it to the Department of Finance rather than create a new department, or (4) expand the powers of the Wartime Prices and Trade Board to cover all prices, leaving the problems of the allocation of raw materials to the Department of Munitions and Supply while the WPTB moved from the Department of Labour to the Department of Finance. The EAC rejected the latter two suggestions arguing that the Finance Department and its Minister already carried heavy burdens.[66]

At the next Cabinet War Committee meeting on August 13, Ilsley argued strongly for some action in the face of the rapidly changing economic situation in the country. He favoured option four noting that co-operation between the heads of the WPTB and the WICB would produce effective and co-ordinated policy for both price control and procurement. [67] The Minister of Munitions and Supply supported the proposal and offered the co-operation of WICB Controllers. With no opposition expressed the War Committee transferred the WPTB to Finance and expanded its mandate to cover all price matters. The Prime Minister in turn promised to inform the Minister of Labour (who did not sit on the War Committee) of this change.

As a result, the WPTB obtained control over the price of all goods and many services within the country to supplement its existing powers. At the same time, the Board's five man executive committee grew with the addition of the Chairman of the WICB and a temporary member (the appropriate WICB controller for any topic under discussion). [68] Meanwhile, inflationary pressures on the cost of living continued to gather force throughout the summer. From mid-summer the cost of living had risen over a point a month and the index of wholesale prices matched that pace:

Annual Index of Wholesale Prices (1926 = 100)

Month	1940	1941
January	82.6	84.8
February	82.8	85.4
March	83.2	86.0
April	83.1	86.8
May	82.2	88.8
June	81.6	90.1
July	82.6	91.3
August	82.6	92.1
September	83.0	
October	83.3	
November	83.9	
December	84.2	

69.

Inflation could not be allowed to gain a foothold, for with each delay in government response, control would become more difficult. In the interim, inflation would increase the prices of goods purchased by consumers. To retaliate the public would demand more money from their employers to maintain their standards of living. Such demands posed two threats. If employers refused, their employees might strike, halting the production of vitally needed munitions and essential consumer goods. If employers granted the wage increases, their costs would rise, generating even more pressure for price increases. For the government, every dollar of a price increase in munitions costs was a dollar it would have to find to pay for the goods. Therefore inflation made the government's role in the war effort that much more difficult.

Long term dangers also existed. The rapid inflation of the First World War preceded a major post-war depression and civil unrest when troops returned home. No one doubted that exactly the same thing would happen this time. Even if the government succeeded in controlling inflation a post-war depression might develop but it would be a certainty if inflation ran wild during the war. The ultimate result could be a change in the government and the loss of any gains that came with victory. For national and Liberal political salvation all possible steps had to be taken to prevent an uncontrolled inflationary increase in prices. For many, such a conclusion led inevitably to a total price freeze.

The Globe and Mail in August hinted at a broadening of the Board's role in the economy. In the same month the Financial Post announced that Canadians could expect that, once under the Finance Department, the Board would assume a more active role in imposing controls and restrictions to halt the advance of inflation. 70.

Obviously more extensive price controls would be necessary, but the question remained, should a total freeze be implemented or should the selective controls the Board had enforced for two years be expanded? Clark and the brainstrust around him turned to that question as the summer of 1941 ended.

(v) The Price Freeze: policy formulation and implementation

Under a new Minister the Board began to explore the advantages and disadvantages of a selective as opposed to a total price ceiling. When the Financial Post suggested its readers could shortly expect action from the

Board, it looked to "new price-fixing powers in a number of key commodities which are currently causing much concern and which threaten to lift prices of many key commodities (lard and shortening are typical examples)." 71. Its senior reporter in Ottawa Kenneth Wilson discounted the possibility of a general price freeze by commenting "there is apparently no disposition at the present to feel that a general ceiling must be placed on all prices although the board will probably be given power to take such a step if it is considered necessary."

However, the group of bureaucrats in Finance had exactly such a scheme in mind. Shifting the responsibility for the Board from Labour Minister McLarty, a heavy drinker whose influence in the Cabinet was so slight as not to warrant a position in the inner War Committee, to Finance Minister J.L. Ilsley provided new life for the Board. Ilsley, a Nova Scotian, possessed exactly the sort of leadership qualities required for the tasks now confronting the Board. A masterful speaker and parliamentarian, he combined a quick understanding of the complicated matters of wartime finance with a personal honesty and integrity respected by all members of the House of Commons. He would need to use all his skills in the first weeks of his relationship with the WPTB as many decisions had to be made.

In late August, Ilsley requested from McKinnon a plan to impose a total freeze on prices. Cabinet approved the preliminary scheme on the second Monday of September and Ilsley gave McKinnon the green light to proceed "full steam with plans to freeze." [72]. Then a few days later Ilsley called McKinnon, to say that the price freeze concept would have to be resubmitted to Cabinet as the Prime Minister, Defence Minister Ralston, Agriculture Minister James Gardiner and McLarty had all been absent from the previous meeting. At Cabinet on October 3 a major split developed on the question that threatened to scuttle all the plans developed when the Board switched from Labour to Finance.

From early August Ilsley, Clark, the Governor of the Bank of Canada Graham Towers, his deputy Donald Gordon and other senior administrators had prepared the groundwork for the total freeze scheme. 73. Such a plan marked a dramatic departure from the past and ran completely counter to the role envisaged for the Board by its Chairman Hector McKinnon. He had earlier rejected such widespread controls but planning continued even without his involvement. If Finance Department officials successfully steered their plan through Cabinet they, and likely McKinnon as well, realized that a new WPTB Chairman would be required. Certainly all the participants at the October 3 meeting realized McKinnon's days with the Board were numbered.

Towers and Clark presented the total freeze plan to that meeting. The Governor of the Bank participated because the failure to control inflation would produce dramatic repercussions on the government's fiscal policies. A report prepared in late September by W.A. Mackintosh highlighted the dangers of inflation, stressing that it would produce social chaos, constant wage disputes with labour and price problems with agriculture. Not only would inflation damage wartime organization, Mackintosh stressed that it would "bring as its aftermath an equally disorganizing disruptive period of deflation with accompanying unemployment, bitterly fought disputes over wage adjustments and a collapse of the debt structure of industry and agriculture."[74].

Such bleak predictions for the future increased the pressure on the Cabinet to approve the whole programme. Despite this sobering report on the perils of inflation McKinnon did not support a total freeze. Under questioning he informed the Prime Minister that no steps had been taken to commit the government to the total freeze, hoping that Cabinet would not accede to the Finance Department's wishes.

It would be almost impossible however for McKinnon to carry the day. Mackintosh's background paper outlined the changed situation the government now faced. New plants built to fill Canadian and British war orders had absorbed all surplus capacity in the economy while the expansion of the American defense programme produced commodity supply shortages. As well shortages of technical and skilled labour plus transportation and power difficulties re-inforced the spread of shortages into all areas of the economy. Competition between munitions and consumer goods manufacturers grew from these shortages, fuelled by continued consumer spending and demand. Mackintosh concluded that "if the problem of prices is to be met successfully, it is necessary to co-ordinate severe fiscal policy with a comprehensive price and wage policy and a policy of restricting the variety of goods offered for sale." His analysis provided strong support for the Towers-Clark proposal.

In reply McKinnon argued for a piece-meal approach to price control, initially freezing the prices of 30 to 40 key commodities with others to follow as the need arose. By freezing the price of key raw materials McKinnon hoped to avoid general price increases.

To support his scheme, he pointed to a September 29 WPTB analysis of the cases for and against a general price freeze. The Board suggested that a general freeze would have a positive psychological effect on the populace as it would demonstrate the concern of an active government. Applied to all industries and commodities, its introduction could be quick, simple, non-discriminatory and would make the imposition of a universal ceiling on wages easier. Prices could fluctuate below the ceiling and moderate adjustments could be made to the ceiling to keep pace with changing circumstances. In contrast, following a selective policy would encourage price increases for uncontrolled commodities. In assembling the arguments against a general freeze, the WPTB commented that it would attack the symptoms of inflation but not the cause for an excess of consumer income existed above and beyond the available supply of consumer goods. As well, a freeze would require heavy rationing and regimentation of Canadian consumers, which the WPTB doubted it could adequately enforce. A freeze would perpetuate existing inequalities, leaving politicians and political arguments to determine any adjustments on price levels. Economics would be completely subsumed by the freeze, as price would no longer influence what goods should be produced. Trained and experienced staff would have to be found to arbitrate disputes, watch prices, check on supplies and administer subsidies, rationing, refusals to produce, violations, advance preparations and exemptions.

In conclusion the Board cautioned that a universal price freeze had never before been tried and as such was "a leap in the dark". Drawing on other studies Board officials argued "that selective price fixing of key or troublesome points in the price structure, paralleled by stiff fiscal measures, is a more rational and more flexible policy; it requires a higher degree of skill, but a much more manageable administrative organization. 75.

Not surprisingly, supporters of the freeze had their own analysis. Mackintosh raised serious doubts about the effectiveness of a selective freeze, noting that "price increases in the uncovered products would be encouraged in anticipation of controls. Food products would have to be tackled in advance of fixing prices of the things which the farmer must buy. Such is the inter-relationship of prices that it would be impossible to control one group while another group is uncontrolled." 76. At Cabinet Ralston, Howe and Ilsley favoured the Towers plan while several others opposed the scheme. Was it really necessary to go that far, they wondered? The warning that such an ambitious and massive scheme had never previously been tried stuck in the Prime Minister's mind. He did not doubt the competence of his Finance Minister and his senior bureaucrats but perhaps this time they had gone too far.

King decided that it would be best to proceed with caution. He suggested that a decision should await the return of the Minister of Agriculture from a western Canadian tour, but then cautioned against the policy. Grant Dexter, obtained a version of the Prime Minister's comments to Cabinet: "It [the freeze] would be very dramatic, [King argued]. The country would cheer for it. But three months hence if the economy of the country was in chaos, the government would be cursed for lacking all sense." 77. The Prime Minister's admonitions did not discourage Ilsley however, as he continued to work towards implementing a freeze even though Cabinet deferred the matter. He told McKinnon to appoint controllers over each commodity and create import and export boards to handle a general freeze. At the same time Department of Finance officials put the final touches on their total freeze proposal.

King's record of that first Cabinet meeting suggested that he favoured McKinnon's approach. He commented that "I think I have had some influence in persuading the group and my colleagues in the Cabinet as well, to leave sufficient leeway to enable us to proceed by steps and degrees and to leave sufficient doorways open for necessary revisions as to save the situation." [78.] With each group still pushing for its proposal, Cabinet met on October 10 to reach a final decision on price control. During the week preceding the meeting Walter Gordon, a bright young Toronto accountant employed as a special assistant to W.C. Clark since December 1940, assembled a plan for the reorganization of the WPTB needed to implement the price freeze.

Meanwhile, Ilsley's optimism about Cabinet support for the scheme had vanished. Far from the confident prediction to McKinnon after the meeting on Friday, October 3 that it was "50 to 1 for acceptance", on Monday morning "Ilsley phoned [McKinnon] to say that thinking everything over he had grossly overrated the chances of success. He now wrote these down from 50 to 1 to 10 to 1. On Tuesday night he phoned again to say that 'I am full of misgivings' and was frankly pessimistic of getting the proposition through." [79.] On the same day Gordon presented the initial outline of the price freeze. He suggested that in future all prices be related to a base period. The highest price charged for a specific commodity during that base period would become the maximum price under the freeze. To enforce the freeze the Board would staff a dozen Regional Offices across the country supplemented by sub-regional offices established in communities of over 10,000 population within each region. Investigators and clerical staff would be concentrated at the regional level with other investigators working from the sub-regional offices. In outlining his system, Gordon stressed that "it is essential that the above organization be established and ready to function before the Price Ceiling Order goes into effect." [80.]

Ilsley called McKinnon on Wednesday October 8 to cancel all plans for the ceiling pending the results of Friday's meeting as he now did not think the scheme would pass. [81.] Meanwhile Walter Gordon continued work and on the 8th he presented recommendations for the control of wholesale and raw materials prices. He suggested an exemption from the ceiling for all sales to the Department of Munitions and Supply as these goods would be used in munitions to be exported and not consumed in the domestic market. However, the base period concept would govern wholesale and raw material prices but the government could offer bonuses or subsidies to industries or manufacturers facing frozen selling prices and floating costs. [82.] For the programme to succeed Gordon argued that each controller regulating the price of any commodity must have the complete confidence and co-operation of the industry under regulation. Careful attention to the location of the controllers' offices could help improve contacts with regulated industries but the controllers also needed to communicate with the Controllers of the Wartime Industries Control Board for their activities would frequently be complementary or overlapping.

The next day Gordon circulated his proposals for the organization of the Board's head office to co-ordinate the massive administrative network required for a price freeze. [83.] He suggested that a vice-chairman be appointed to supervise Board organization and administration and to assist the Chairman, whose prime responsibility would be policy matters. Other necessary appointments included a Board Secretary to head the research operation, several principal assistants to the vice-chairman, Directors of Retail Prices, Food Controllers and Textile Controllers, a squad of special investigators, a publicity director, an administrative secretary and perhaps a general counsel. Gordon estimated that a total staff of approximately 6500 would be required to supervise the whole price freeze. In September 1941 the WPTB had approximately 175 employees. Not surprisingly McKinnon wondered whether he could cope with a Board of such size.[84]

However, Gordon's detailed plans for the imposition of the freeze countered the Board's negative response to the concept. His work demonstrated to the doubters that the Finance Department did not consider a price freeze either a last resort, or a far-fetched scheme. It remained only for the Prime Minister however to deliberate over the political and administrative issues involved, and doing that filled his mind with doubts. Would the public accept it? Would problems be blamed on Parliament in general or the Liberal Party in particular? How would that hurt the party's re-election chances? They had won handily in 1940 during the "phoney war" by defeating a Conservative opposition caught up in the desire to establish a "National Government" like the union government of the First World War. There would be five years before the next election but no one could predict either how long a freeze would last, or what its effects would be. What role would the opposition in Parliament play in the scheme? Would they agree on the need for a total freeze or would they fight the government all the way? If they chose the latter course could the Liberals survive or would the anticipated negative response to the freeze be translated into partisan political terms. If politics dominated the introduction of the freeze might it be better to try to remove the question of stabilizing the economy from the political arena by forming a coalition government to impose the economic controls? Unless the government co-opted the opposition, every effort would be made to discredit the price control programme. Many doubts filled the Prime Minister's mind but at the decisive meeting, King found the rest of the Cabinet supporting a total freeze. [85]

In the face of the arguments assembled by the Finance Department no one could disagree and debate then centred on the method of announcing the policy. Despite Cabinet backing, King retained his skepticism about the potential value of the freeze and the public's reaction to the plan. He recorded in his diary that "I thought approach should be made as to announcement of policy making clear it was not intended as a cure-all; that the problem was a most difficult one to deal with. Later appealing to the public to co-operate with the government to save an appalling situation, that might develop, stressing influence of foreign conditions, making very difficult any real solution, and leaving the way open for making clear the methods that would have to be adopted to effect adjustments which time and experience would occasion. Making clear it was only a trial of what seemed to be best thing to do." To give the freeze greater credibility, King readily agreed to McKinnon's suggestion that the government rather than the Board announce it.

Having accepted the total freeze the government had to find a Board Chairman to implement it. Hector McKinnon's days at the head of the WPTB were numbered and he knew it. After the October 3 meeting he suggested that Donald Gordon, Deputy Governor of the Bank of Canada be appointed general manager of the WPTB to supervise the price freeze policy. 86. It was not surprising that Gordon's name came up as a possible price control administrator. He had left the Bank of Nova Scotia in early 1935 to become the Secretary of the Bank of Canada and once there soon established an excellent working relationship with the Bank's Governor, Graham Towers. As Bank employee and future Governor Louis Rasminsky recalled the two acted as foils to each other. "Towers was a very refined intellect; very, very penetrating, very subtle. At the same time he was a bit withdrawn, a bit shy ... Gordon on the other hand was a pretty rough diamond; he would pound the table and be pretty boisterous after hours and his formal education was very limited." 87. In September 1938, Gordon became Deputy Governor, a post he still held in October 1941. Once in the job, he immediately began planning for the introduction of foreign exchange controls should war break out. When it did begin, Gordon guided

Canadian bankers through the introduction of controls and then split his time between the Bank of Canada and the Foreign Exchange Control Board while still holding his title as the Bank's Deputy Governor.

To obtain Gordon's release for the WPTB, Ilsley approached Graham Towers but "was turned down stone cold." Clark then spoke to Towers but received the same response despite Gordon's willingness to move. Finally, McKinnon offered to resign so Ilsley could appoint Gordon as the new Chairman. Grant Dexter passed on the word to his editors that McKinnon "was certain the whole Board would resign so that Donald as Chairman could have a Board exactly to his liking. Ilsley said this was certainly most generous and he would try it. Towers turned this down just as decisively as the others." [88] Despite this setback Ilsley still strongly favoured Gordon and at a Cabinet meeting on October 14 recommended that he be appointed a member of the Board. [89]

While the quest for a Chairman continued the government moved to implement the programme and convince Canadians that it could and must work. On October 15 King informed the country's labour leaders of the government's plans for price control and the stabilization of wages. 90. The following day at a Cabinet meeting King read a price control statement drafted by his assistant Pickersgill and Grant Dexter. The Prime Minister would outline the freeze in a radio broadcast on the evening of Saturday, October 18. 91. That night King commented in his diary "the radio people thought the speech went very well."

Initial reaction was favourable. The Financial Post bluntly stated that the nation's future depended on the policy succeeding, but success would come only "through educating the public to its necessity and enforcement through decentralization rather than centralization of authority." 92. The Globe and Mail echoed the Post's call for public support for the policy, noting that "if the people accord to the administration their whole hearted co-operation, as we have no doubt they will, our war effort will be better maintained at full efficiency and Canada will be the better able to rally all the power she possesses in the desperate struggle with which the nation is confronted." 93.

A relieved Prime Minister noted the acceptance the programme received throughout the country. In a letter on October 27, W.C. Clark suggested the matter was well in hand, commenting that "considering all the circumstances I think the new policy has been very well received. If we can only achieve a modest degree of success in the administration of the policy, I believe many millions of people, ordinary people, will have cause to thank the Government for the courage and determination with which it has set its face against the scourge of inflation -- which in my opinion is only less serious than war itself." 94.

To achieve this 'modest degree of success' revisions of the WPTB regulations and new Maximum Prices Regulations would be needed. The Board's operating regulations remained unchanged from those issued in August except to add the administrative organization suggested by Walter Gordon in his October recommendations, 95. The Board soon named administrators to monitor industries and specific commodities at the producer and wholesale levels while opening offices for consumers across the country to communicate with Canadians.

The price regulations established September 15 to October 11, 1941 as the base period. After November 17 it would be illegal for any goods or service to be sold or supplied at a price above the base period maximum. Should no base period price exist, the price for a substantially similar kind or quality of goods would be applied. If any question arose, the onus would be on the seller or supplier to prove the similarity.

The regulations exempted certain goods and services including any goods exported by the seller or his agent; sales to the Department of Munitions and Supply; the sale of personal or household effects by an individual; isolated sales by any person not in the normal business of selling or supplying these goods or services; bills of exchange, securities and title deeds;

auction of goods when this was the normal method of sale and was followed in normal fashion; and prices fixed by the Board or other agencies and approved by the Board. In addition the Board could alter any maximum price when necessary and could regulate many services including:

> (i) the supplying of electricity, gas, steam, heat and water; (ii) telegraph, wireless and telephone services; (iii) the transportation of goods and persons and the provision of dock, harbour and pier facilities; (iv) warehousing and storage; (v) undertaking and embalming; (vi) laundering, cleaning, tailoring and dressmaking; (vii) hairdressing and beauty parlour services; (viii) plumbing, heating, painting, decorating, cleaning and renovating; (ix) repairing of all kinds; (x) the supplying of meals, refreshments and beverages; (xi) the exhibiting of moving pictures. 96.

The penalties for contravention of these regulations matched those for any other breach of the Board's regulations -- up to $5,000 in fines and two years imprisonment.

To complement the price freeze the government issued an accompanying order limiting wage increases. Wage controls had been instituted in munitions industries the previous December but on October 24, 1941 the Wartime Wages and Cost of Living Order set wage rates and the cost of living bonus to be paid in all industries.

A National War Labour Board and nine regional boards would administer these controls. Only farmers, fishermen, employees of governments and non-profit institutions and workers above the level of foreman would not be subject to these regulations designed to stabilize wage rates at the November 15, 1941 level. 97. From that date the War Labour Board would approve every increase or decrease in wages. At the same time, a cost of living bonus provided workers with an increase of one per cent of their weekly wage to a maximum of 25 cents for every one point rise in the cost of living. This calculation would be made quarterly with fractional bonuses paid for each tenth of a point rise above one per cent. By November 15 all employers had to have cost of living clauses in contracts with their employees. In November the government also restricted salary increases in line with wage controls but without a cost of living bonus.

Finance Minister Ilsley announced the third aspect of the government's economic stabilization programme in the House of Commons on November 6. Acreage bonuses would be paid to farmers in western Canada to supplement agricultural income and reduce the cost of feeds for eastern Canadian farmers as suggested in King's October 18 speech promising financial assistance for the farm community. 98.

Criticism soon followed as Conservative House Leader R.B. Hanson chastised the government on November 4, 1941 for introducing such an important programme through order-in-council rather than by an act of Parliment. 99. Ilsley replied two days later, stressing the need to implement the freeze swiftly and in secrecy to avoid last minute price increases and confusion over the base period. The programmed as envisaged could not have been implemented had a lengthy debate in the House of Commons been necessary. Matching Hanson's challenge, the Globe and Mail found little merit in the method adopted to introduce the policy. Its editors decried: "the lack of representation of great elements in the nation which have objectives within the economic order. Prime Minister King has said rightly that the co-operation of all is needed for the success of these new regulations. Had he a recognized spokesman of labour in his Cabinet any objections arising after his announcement would have been considered beforehand and obstacles to co-operation removed to this extent. The same rule applies to other important elements in the community. Instead of taking this precaution, a partisan government has put forth by dictatorial decree the most complete plan for regimentation ever attempted in a democracy and asks all others to subscribe to it without question." 100.

A few voices in the business community also questioned the price ceiling policy. One of the earliest challenges came from J.M. Macdonnell, a vice-president of National Trust. In reply, W.A. Mackintosh outlined the circumstances that made the freeze possible, stating that "at the beginning of the war some prices were very much depressed, notably agricultural prices. It would have been intolerable to attempt to freeze these pre-war prices. However the price rise from about May of this year to September was very rapid, and it was to a large extent concentrated in agricultural prices. This meant that for the first time there was a practical possibility of dealing simultaneously with all prices and wages, and accomplishing this with some rough justice." 101.

As Canadians learned more about the freeze, the government continued the search for a new Board Chairman. On November 7 Ralston, Ilsley, Crerar and King met Towers to press again for the release of Donald Gordon. During a long discussion Towers suggested various names but the Ministers wanted only Gordon. Having found an extremely able and active Deputy, Towers did not want to lose him. Under considerable pressure he finally agreed to talk with Gordon, but if he stayed with the WPTB for any length of time, Towers said Gordon would have to leave the Bank. In return, King and his Ministers promised that Gordon's transfer would not damage the Bank's administrative capabilities. [102.] On November 10 Ilsley announced Donald Gordon would become Associate Chairman of the WPTB, after turning down an appointment as McKinnon's deputy and forcing the Board to create a new position for him.

From the start, this relationship clearly would not work. After discussion between the Board's two leaders McKinnon resigned on November 19 to become the President of the newly created Commodity Prices Stabilization Corporation (CPSC). It was not a difficult decision for the Board's first Chairman as he had never supported a total freeze. McKinnon had neither the ability nor the desire to sell the whole programme to Canadians and to supervise the massive administrative task facing the Board. Having contributed to the original freeze proposal and subsequent drafts from the Bank of Canada in June 1941, Gordon would be the ideal man to implement price control.

McKinnon's decision might have been aided by a minor revolt within the ranks of the newly appointed administrators. Grant Dexter recorded the confusion in a November 10 memo, noting that the new administrators "are all experts in their lines and had made surveys of the affect of the ceiling in their fields. They agreed that a rigid ceiling was impossible. Costs of raw materials have advanced and to freeze prices as is proposed would mean that secondary manufacturers could not produce without a loss; that the wholesale and retail trade would be thrown into great confusion. They drew up a report which they read to the Board stating that if the rigid ceiling is enforced it will mean the closing down of, I think, 70 per cent of all industry (it seemed very high to me) and all the retailers except the large companies with sufficient capital to absorb the loss." [103]. Dexter then met C.L. Burton of Simpson's, whose son was one of the administrators, at the Chateau Laurier and later recorded that "Mr. Burton proceeded to say what chaos would result from the rigid enforcement of the ceiling and his son read me the confidential report and said that the administrators had pretty well agreed to quit if the Board insisted on going through with it. They wanted anti-rigid ceiling publicity." Dexter told all this to a shocked Hector McKinnon the next day. Soon thereafter McKinnon left the Board. Had he not resigned voluntarily he would almost certainly have been dismissed for his time had passed.

Perhaps this internal revolt also precipitated Ilsley's announcement in the House on November 11 that the implementation date for the maximum prices regulations would be moved back from November 17 to December 1 "to ensure the most effective possible administration and enforcement of the regulations from the moment they come into operation." [104]. The Board still had to appoint some commodity administrators and support staff and this served as the official reason for the postponement. Gordon now had time to gain control over the administrators and head off a revolt as he firmly believed in the rigid enforcement of the freeze without exception.

Within the Finance Department, however, some questions remained about the effect of the programme on the business community. James Coyne of the Foreign Exchange Control Board wrote to Gordon on November 17 and suggested that the Board consider alterations in corporation and excess profits taxes as the freeze would certainly reduce profits in all sectors of the economy. In clarifying his position, Coyne stressed "I am not referring in this memorandum to taxes on goods such as import duties, sales taxes etc.; but to fiscal policy with respect to taxation of profits, control of profits and dividends, forced lending, control of capital issues, etc." [105]. Perhaps still a little unsure of himself in his new position, Gordon requested comments from his old mentor and friend Towers, suggesting that a decision be reached before December 1 if the government planned to act on the idea.

He added parenthetically "everything possible that can be advanced to sweeten the situation for business people should, in my opinion, be done." [106.] After discussing the idea with senior Finance Department officials Towers suggested no immediate action be taken. Surprisingly Coyne's suggestion did not reach the political level. Gordon chose to take no action, despite his initial favourable comments and Ilsley did not hear of the scheme. Even had he been informed however, he likely would not have acted, preferring to let the regulations sort themselves out for a couple of months before making any adjustments or policy reversals.

Nonetheless, it was a difficult problem for Gordon. Business would soon become accustomed to the freeze but in the initial days considerable skepticism existed. No one knew just how the controls would be administered and what access business might have to the decision-making. Until the WPTB clarified these issues and business realized the Board did not pose a threat to their continued operations, Gordon had to consider every suggestion that might improve his standing with the business community.

While the new Chairman dealt with business concerns, C.L. Burton pressed the Prime Minister to alter the ceiling. The retailer supported wage control and a price freeze on foodstuffs but not surprisingly, completely opposed its extension to all retail goods. He considered the freeze "impractical because it totally disregards the plain fact that most of the goods sold in the specified period were produced, manufactured and distributed for sale several months earlier on the basis of the then prevailing lower costs. Such complete disregard of the increased costs of production, manufacture and distribution now in effect can result only in serious inequalities which will, in my opinion, so adversely affect the economy of the country as to outweigh the advantages which it is sought to obtain." 107. Burton proposed an alternative policy. "I feel that if present costs of production, manufacture and distribution are recognized and prices of consumer goods allowed to absorb these established costs on the basis of an allowed mark-up, a price ceiling fair and equitable would be established within a few months." In drafting a reply for the Prime Minister, King's aide J.W. Pickersgill pointed to the difficulties in Burton's scheme. "I think, however, you will agree, on reflection, that a stabilization of wages at existing levels and of prices at higher than present levels would have been wholly unacceptable to labour ... The net effect of the course suggested in your letter would have been to transfer the greater part of the burden of adjustment from business to labour. The government felt it would be unfair to add this burden to the obligation already imposed upon labour not to seek an increase of its share of the national income during the war." 108.

In approving this draft, W.C. Clark noted that the business community had gone through several stages in its reaction to the freeze. After initially approving the scheme as a way to control inflation, concern grew as businessmen realized the ceiling would apply to each of them. However, Clark remained confident that after the freeze begins to operate, there will be a general feeling of "greater relief and admiration for the soundness of the policy and the skill of its execution." 109. To maintain this good feeling towards the Board and its activities, ~~any~~ sacrifices or hardships arising from the freeze would have to be distributed equally among all in an industry. Subsidies to industry proved one means of achieving this goal. Initially the Board contemplated using them to reduce the landed costs of imports. By the end of the war however, subsidies became the mortar that held together the price freeze wall. Through subsidies, retailers and manufacturers could offset rising costs while retaining the frozen base period retail price. At the start of the freeze, though, neither the Board nor the nation's businessmen realized the extent of support that would ultimately be required.

Business didn't know this help was on the way and by November 19 the Prime Minister's office had received 470 telegrams of complaint about the freeze chiefly from small retailers across the country. They feared being caught in a price squeeze of higher costs for the purchase of merchandise produced in the base period with no chance to adjust retail prices to reflect these increases. Profit margins would be squeezed and in some cases eliminated. This reaction pushed the Board to the next phase of implementing the freeze: the publicity campaign. On November 21 Donald Gordon made his initial radio address to tell the people of Canada "there will be no place in this plan for pussyfooting or halfway measures. There will be, by this Board, no pussyfooting or halfway measures. We are resolved to stop price increases; we are going to hew to that line without deviation." [110] He brutally disposed of Burton's concept of a gradual freeze to reduce hardships suffered as a result of the rising cost of replacing goods on retailers' shelves, by noting that "this proposal has been thoroughly examined and I wish to emphasize and underline, as strongly as I can, that such an approach has been completely rejected by both the government and the Board. It has been rejected because we know that it would mean losing the battle before it has even started. Such an approach would obviously result in increased retail prices. The increased prices would be increased cost of living. This, in turn, would bring higher wages and salaries in the chase to catch up and so the vicious circle of inflation would be underway again." To emphasize his determination, Gordon instructed Canadians to "forget the reasons why this policy will not work. Remember only that it must work, for there is no alternative except disaster."

The speech also contained a message for business. To allay retailers' fears about a squeeze, he promised that "rather than allow retail prices to rise, the prices of wholesalers and manufacturers must be reduced. In any unbalanced structure of prices and costs, adjustments must be financed primarily by the business group concerned --- not by consumers nor by labour." An accompanying policy statement committed the Board to ensuring that no one level of the merchandising business would be forced to bear more than its fair share of the burden of the price squeeze. Gordon stated that "if the total burden is too great, in fairness to the industry as a whole the Board will investigate and if it is found necessary, will recommend that the Government representing the people as a whole should also take a share of the burden by way of a subsidy or controlling the price of raw materials, or reducing import duties or in some other appropriate way." [111.] To provide further assistance to industries that imported raw materials or components for manufacturing the government created the Commodity Prices Stabilization Corporation to administer import subsidies.

As December 1 approached the Board fixed rents, as earlier noted, and Gordon again took to the nation's airwaves. Outlining the growth and impact of inflation and how it could be fought and defeated, he called on all consumers to obey the law and maintain morale in supporting the freeze. Housewives should refuse to pay higher prices in their shopping, farmers must produce as much as possible and retailers had to observe price regulations and not stockpile inventories. Retailers and wholesalers might have to accept some losses but manufacturers should work to produce their goods without cost increases to keep retail prices below ceiling levels. The policy would succeed if all worked in harmony for, as Gordon reminded his listeners: "The price ceiling means hardship; inflation means ruin." 112.

Despite the new Chairman's brave rhetoric, as the implementation date approached, Gordon remained short of competent people to staff the expanded organization. On November 29 he told Ilsley of his failure to find good accountants for the Board. Only when the WPTB stressed the national emergency facing the nation would industry co-operate by releasing men for government service. When the pleas finally produced results, Gordon made conditions as acceptable as possible for his recruits. He informed Ilsley on December 1 that "I am afraid it is going to be essential that some modification be granted in connection with their accounts for travelling and entertainment expenses. I do not feel we can ask men of such senior standing to submit detailed accounts and to remember to provide details, such as are requested in the Government form. Moreover, I am sure that a good deal of bad feeling will be created if we hound them about such things as stubs for pullman tickets and particularly in regard to reasonable entertaining expenses."[113.] The men who volunteered to work with the Board surrendered some amenities of life and Gordon kept that in mind throughout the war.

Having appointed 13 Regional Price and Supply representatives on December 2 Gordon again spoke on national radio. He noted with pride that "the individual Canadian citizen has shown a magnificent realization of what is at stake in this fight. The big fact which I have to report to you tonight is that, in these five days, despite all the confusion and uncertainty which has unavoidably existed in some parts of the front, there has not been a single instance -- so far as we know here, of deliberate attempt to violate the price law, or of failure to try to make this policy work."[114.] Gordon clarified some areas of confusion, explaining that the price freeze would not mean uniform prices for a commodity in all stores; detailing exemptions to be granted for fresh fruit and vegetables and the fur trade; discussing the rules to be used in establishing suitable prices for "new" goods and finally outlining the Board's organizational structure. This speech continued the programme of encouragement and explanation laced with propaganda that Gordon used to sell the price freeze to Canadian consumers. On December 17 he again appeared to explain to Canada's housewives the important role they could play in preventing price rises. [115.] He requested that they record the current price of commodities they purchased so in future months they could refer to the list to catch price increases. Any increases or suspected increases should be reported in writing to the nearest Board office. WPTB inspectors could then take over with their own detailed investigations.

A December 13 Financial Post editorial supported Gordon's activities and commended the Board for co-operating with business "to iron out details, eliminate inequalities and to temper the necessary regimentation with reason." [116.] The price freeze would succeed, the paper concluded, if the Board continued its policy of firm decisions, quick redress and enlightened co-operation. Agreeing on the threat posed by inflation, an editorial warned "to avoid this menace there is only one course and this means genuine and painful sacrifice. We must face giving up some of the good things of life to which we have become accustomed." 117. In a showdown between guns and butter the Financial Post believed that guns had to come first.

(vi) The End of the Beginning

As the second complete year of the war ended, the country and the government launched a new experiment to regulate the Canadian economy, to minimize dislocation and at the same time to allow for the efficient prosecution of the war. The Wartime Prices and Trade Board had expanded from dealing only with a few commodities and their supply problems, to the most visible and powerful weapon in the government's arsenal in the fight to stabilize the economy. The expansion of government economic control occurred remarkably quickly at the expense of free enterprise but the success of the price freeze would ensure free enterprise a place in the post-war world.

The Board grew slowly between 1939 and 1941 to keep pace with the growth in the Canadian economy that came from the switch from consumer goods to munitions production. In addition to wholesale and retail price and cost of living index increases previously noted, import and export statistics reflected the growth of the Canadian economy in these years:

Trade (excluding gold) by Main Groups (millions of dollars)

All Countries

	1939		1940		1941	
Commodity	imports	exports	imports	exports	imports	exports
Agriculture & vegetable products	127.8	220.1	157.3	218.3	171.8	285.7
Animals & products	32.8	131.8	35.4	164.7	34.9	201.7
Fibres & textiles	100.9	14.4	147.3	21.6	161.1	30.8
Wood & paper	33.7	242.5	38.1	348.0	36.7	387.1
Iron & its products	183.2	63.1	298.9	127.7	431.6	239.9
Non-ferrous metals	42.1	182.9	71.1	194.7	94.8	244.0
Non-metallic minerals	132.8	29.3	161.2	33.7	190.0	45.2
Chemicals & allied products	43.7	24.3	51.8	31.2	65.4	58.7
Miscellaneous	54.1	16.5	120.8	39.0	262.5	127.9
Totals	751.1	929.9	1081.9	1178.9	1448.8	1621.0

United Kingdom

	1939		1940		1941	
Commodity	imports	exports	imports	exports	imports	exports
Agriculture & vegetable products	13.0	94.2	8.7	121.0	7.3	165.4
Animals & products	4.3	73.6	3.8	102.6	5.2	115.0
Fibres & textiles	41.2	3.5	53.8	6.1	61.1	3.2
Wood & paper	3.0	43.9	2.6	83.1	2.5	57.5
Iron & its products	19.3	16.0	21.8	53.4	18.4	70.0
Non-ferrous metals	5.1	83.4	12.3	101.7	8.8	131.9
Non-metallic minerals	12.0	3.4	18.2	6.3	17.3	5.0
Chemicals & allied products	7.4	5.7	7.5	8.3	9.0	26.4
Miscellaneous	8.7	4.4	32.5	25.6	89.8	83.7
Totals	114.0	328.1	161.2	508.1	219.4	658.2

United States

Agriculture & vegetable products	45.4	79.5	56.8	64.5	55.6	75.0
Animals & products	16.9	44.1	21.0	48.7	16.4	64.7
Fibres & textiles	41.6	2.3	62.7	2.9	49.2	6.5
Wood & paper	28.7	165.8	33.8	214.8	33.0	286.0
Iron & its products	158.1	5.0	273.3	6.0	410.3	14.2
Non-ferrous metals	29.2	49.5	44.8	67.5	65.9	92.3
Non-metallic minerals	106.1	16.2	125.1	19.3	150.1	32.3
Chemicals & allied products	30.7	9.7	41.5	10.8	53.8	15.5
Miscellaneous	40.2	8.3	85.2	8.5	170.2	13.2
Totals	496.9	380.4	744.2	443.0	1004.5	599.7

Canada imported raw materials and commodities from the United States, processed them into munitions and other war materials and shipped the goods to Britain. Facing this economic expansion, selective controls could no longer cope with the inflationary pressures. By the autumn of 1941 only a major enlargement of the Board's powers could prevent a repetition of the domestic economic turmoil of the Great War.

Policy disagreements within government accompanied the Board's expansion. Although the Board initially operated within the Department of Labour, little correspondence flowed between Chairman Hector McKinnon and his Minister. Rather most of the communication travelled between Deputy Minister of Finance W.C. Clark and McKinnon, recognizing Clark's position as Chairman of the all important Economic Advisory Committee. Labour Minister McLarty defended McKinnon in disputes between the Board and other government agencies but on major questions the Finance Department frequently overruled Labour. McLarty, a lightweight in the Cabinet, rarely if ever participated in major government discussions or decisions. In fact he was neither involved in nor invited to the crucial Cabinet War

Committee meeting that resulted in the transfer of the Board from the Department of Labour to the Department of Finance. The relationship between the two departments could hardly be described as a power struggle over the WPTB for the Department of Finance held the upper hand throughout the war's first two years.

The freeze followed the transfer of the Board to the Department best able to cope with the technical and administrative problems involved in such a major new departure from accepted economic practice. The transfer also legitimized a relationship that existed between the Board and the Finance Department from the time of the agency's creation. The Finance Department had very specific ideas about the role the WPTB should play in the government's overall economic stabilization effort. No longer would the WPTB operate as a small, almost insignificant group of bureaucrats tinkering on the periphery of the economy as Labour Department officials demonstrated little understanding of the Board's role in the economy. Despite the plans prepared by Finance, considerable discussion and weighing of alternatives preceded the imposition of the freeze. Following the decision the government and the WPTB constructed a capable organization to administer the innumerable problems created by price control and to sell the policy to the Canadian people. By October 1941 living costs had risen 14.7 per cent since the start of the war and 8.5 per cent in the previous year. Thus the public did not need to be convinced of the need for action, but had to be persuaded that a rigid freeze could achieve the desired results. It became vital to obtain business support as business leaders became skeptical once they understood the full implications of the policy. That this effort achieved initial success largely resulted from the personality of the Board's Chairman Donald Gordon.[119]

His many radio addresses accompanied by vigorous work of Board officials took to every community in the country news of the price freeze, the goals of the policy, the dangers should the freeze fail, and most importantly, how every Canadian could participate in the task facing the Board. The first days were crucial, but as the Financial Post wisely pointed out, "the real testing time will probably come in two or three months. It will come after the first flush of patriotic enthusiasm has passed, when we get down to the actual matter of fact cases, some of which will not easily fit into any rigid scheme of regimentation. It will be a test as to whether the Board can continue to merit the confidence and support of business and consumers generally; whether it will prove itself big enough to admit mistakes and inequalities; whether in brief, it will be big enough to correct and revise these mistakes and not misuse its vast despotic authority." 120.

Donald Gordon and his Board turned to these tasks as 1942 began. Selective control of a few commodities had succeeded until munitions production absorbed the unused industrial capacity and excess manpower remaining from the depression of the 1930s. The government then rejected the continuation of a selective policy in favour of a general freeze. Would the new venture prove adaptable to the changes the nation's economy would undergo in the coming months of war? Could the Board win, and then retain the support of the Canadian people? At least Board officials started with the right ideas in mind, for, as K.W. Taylor reflected, "as a matter of strategy the Board was convinced that it must at all costs hold the retail line for at least six months." 121.

In pursuit of this goal many compromises would be made to what began as a rigid price freeze. By the end of the war little remained of the original scheme beyond the rhetoric.

Chapter Two

The Organization of the Board

The plans formulated for the organization and the administration of the Wartime Prices and Trade Board in October 1941 remained the basis for operations throughout the remainder of the war. However, as new problems regularly faced price and ration administrators, the WPTB had to respond. That required flexibility and frequent shuffling both of personnel and of branches.

At the same time as the Board under the direction of Donald Gordon adapted to changing conditions in the consumer marketplace, it also faced challenges from within the government itself. Both existing departments and other wartime agencies at time resented the power and influence held by Gordon and the WPTB. As well, the regular efforts by the Board's Chairman to expand his powers, often at the expense of others did little to endear the WPTB to senior civil servants outside the Department of Finance. However, Gordon believed this consolidation of power and control to be a necessary prerequisite for the WPTB's success. Therefore, not surprisingly, he devoted considerable attention to organization and administrative matters throughout his tenure as Chairman.

(i) Growth and Contraction

Despite the bold and innovative nature of the price freeze, as the Financial Post noted, the public would support the scheme only for the initial few months. Then enthusiasm would wane unless Board activities in the interim demonstrated the seriousness with which the government approached price control. Donald Gordon's frequent broadcasts focussed attention on the government's latest moves in the fight against inflation but this did little more than buy time. Behind the scenes the WPTB planned the nation-wide organization, using Walter Gordon's October memoranda, to administer the price freeze knowing that the policy would stand or fall on the presence of a sound administrative structure.

Walter Gordon had proposed that the Board's branches and divisions be fully operational before the freeze came into effect. [1] That required a rapid decentralization of WPTB activities. In the pre-freeze days the Board operated solely from Ottawa, dispatching officials when necessary to investigate specific problems. Clearly this would not work under total freeze conditions. Therefore, as Walter Gordon had suggested, the Board divided the country into 13 regions and established a Board office in the major city within each region.

As much of the success or failure of the programme depended upon the active support of the local population the Board chose a business leader in each region to act as the Price and Supply Representative (the senior Board official in the region and the Chairman's direct representative). Local representatives under each Price and Supply Representative operated from sub-regional offices in communities within each region. The Regional Offices Division at Board headquarters in Ottawa administered this expansion and served as the co-ordinating link between the field representatives and the head office staff. [2]

Only through decentralization could Board officials cope with the massive task then confronting them. Despite such an obvious conclusion, some administrators appointed in the first weeks after the total freeze opposed this decision. The Division's history noted that they wanted "their own representatives, complete with staffs in the Regional and Local offices and they wished them to be directly responsible to the Administrators and, in effect, to bypass the Price and Supply Representatives who were the direct representatives of the Chairman". Since there were ultimately 126 local offices and 101 Administrators, complete chaos would have resulted under such a scheme, with over 100 Board representatives attached to each office in each region. In the end the Board established partially independent operations within each region only for the Enforcement, Rationing and Rentals Administrations. [4.] As most administrators dealt with industries located primarily in a single region of the country, their activities differed markedly from those of Enforcement, Rentals and Rationing officials. In these three cases the Board required close contact with individuals scattered in communities across the country. Local officials for these three administrations therefore became the link through which the Board maintained essential contacts.

By early 1942 the WPTB had largely established its national network of representatives. At the same time the government also considered the international implications of the price freeze and concluded that the Board required representatives in London, England and Washington, D.C. Canada received raw materials for consumer goods and war munitions production from both countries and thus required regular reports on the state of the economies of the two nations.

The WPTB opened its Washington office on January 1, 1942, operating there in tandem with the Wartime Industries Control Board. Initially the WPTB's Washington representative A.F.W. Plumptre, an economist with the Department of Finance who later became the Board's Secretary, worked with the U.S Office of Civilian Supply (OCS) and the Office of Price Administration (OPA). The division of responsibility between consumer goods and munitions production among U.S. government agencies did not exactly parallel the Canadian situation, forcing

Finance Minister Ilsley and his counterpart in Munitions and Supply, C.D. Howe to allow their representatives in Washington to work out independent arrangements for dealing with American officials in charge of economic controls. [3]

In Washington the Board arranged for allocations of U.S. raw materials and goods to Canada for consumer manufacturing and distribution. In this work Board officials maintained regular contact with the War Production Board (WPB). Relations with the OPA meanwhile centred on two matters: price control and rationing. Initially exchanges of correspondence between the two agencies helped each develop new methods of handling price control problems. As time passed, this communication lost its significance as similar solutions could not be used for more complex issues in the light of the different social and political conditions in the two nations. [4] None the less, throughout the war the Board's Washington office kept in daily contact with Ottawa, informing Canadian officials of U.S. economic plans and ensuring that Canadian manufacturers of civilian goods received necessary U.S. materials allocations.

A similar exchange developed with the Board's London office. On October 5, 1942 J.A. Langley, the Canadian Trade Commissioner became the Board's representative.[5] With much of his work channeled through the Department of Munitions and Supply's office in London the WPTB representative had little to do. The Canadian economy required goods from the United States for almost every aspect of consumer goods production but textiles dominated the trade between Canada and Britain. Here, the Department of Munitions and Supply arranged for cotton, wool and rayon allocations for the Canadian market, assisted by a special representative of the Board's Cotton Administrator.

Even so, during the war the Board's international offices played a valuable role in assisting in the procurement of specific goods for domestic consumer production, although compared to domestic activities these offices remained of minor importance. The WPTB's mandate remained price control on the home front and events did not provide senior Board officials with opportunities to engage in international diplomacy or negotiations.

In early 1942 the Board's national growth necessitated expansion of its headquarters staff. Donald Gordon remained firmly in command but he could not deal singly with the many complex issues that required attention. The economists gathered around W.C. Clark in the Finance Department did not always have time to provide rapid answers to the WPTB Chairman as he faced new questions daily. Of course, Ilsley as Finance Minister remained the final authority but he wisely remained outside the daily operating decisions of the Board.

Not surprisingly Walter Gordon as an architect of the original scheme clearly understood the problems facing the Chairman. In a letter to Donald in the spring of 1942 he offered the following suggestion: "I have got the impression lately from several members of your staff that you could improve your internal organization somewhat if you nominated one or more individuals who could make final decisions on your behalf. I know the dangers of this and you may question the necessity because, as you say, nothing gets held up that reaches your desk. But, when people know that you are as busy and overworked as you are at present, they sometimes hesitate to bother you -- and also, it is hard to get at you ... If you decided to appoint one or more deputies you could clarify the relative positions and responsibilities of your various Administrators and Co-ordinators and Assistant to the Chairman." 6.

Perhaps instigated by this gentle prodding from Walter Gordon, a major shuffle of the Board's senior staff came within a month. James Coyne became the Board's Deputy Chairman, moving to the WPTB from the FECB, where he had served on loan from the Bank of Canada from the introduction of exchange controls in September 1939. Maxwell W. Mackenzie, originally an accountant from Montreal and formerly the chairman of the management committee of the FECB assumed responsibility for all supply, distribution and rationing matters. Douglas Dewar, a wealthy retired accountant from Vancouver and close friend of Donald Gordon, became head of the Prices Division. Yet another accountant and future Auditor General of Canada, A. Maxwell Henderson took on the job of Board controller while Toronto businessman Hugh A. Mackenzie headed the Division of Simplified Practice. He would be responsible for the elimination of all non-essential manufacturing and production techniques in industry to allow surplus raw materials to be diverted to war production. Finally McMaster economics professor Kenneth W. Taylor controlled Economic Research and Board Planning with J. Douglas Gibson, an economist from the Bank of Nova Scotia directing the Board's Research Branch.

This group of men controlled an agency that by June 1942 encompassed approximately 100 offices and 2000 employees across Canada. Rationing and demands for closer supervision over suspected price increases would in the years ahead push the Board's total manpower closer to Walter Gordon's preliminary estimate of about 6000. Over the next year the basic head office structure of the Board ultimately expanded to 11 divisions grouped under the general headings of policy, administration and services. [7]

The Prices, Supply and Research Divisions formulated policy, with the prices group concentrating on Administrators' decisions on prices. The Supply Division included among its responsibilities the allocation, maintenance and distribution of all domestic and imported goods for the consumer economy, as well as simplification and standardization. The Research Branch kept officials posted on changes in the Canadian and foreign economies, concentrating on shifts in the cost of living index.

The administrative section of the head office included Enforcement personnel, responsible for ensuring compliance with all pricing, rationing and other orders issued by the Board; the Licensing Division which issued licenses for retailers and distributors as necessary; and the Comptroller's Division with responsibility for the Board's internal administrative and financial affairs.

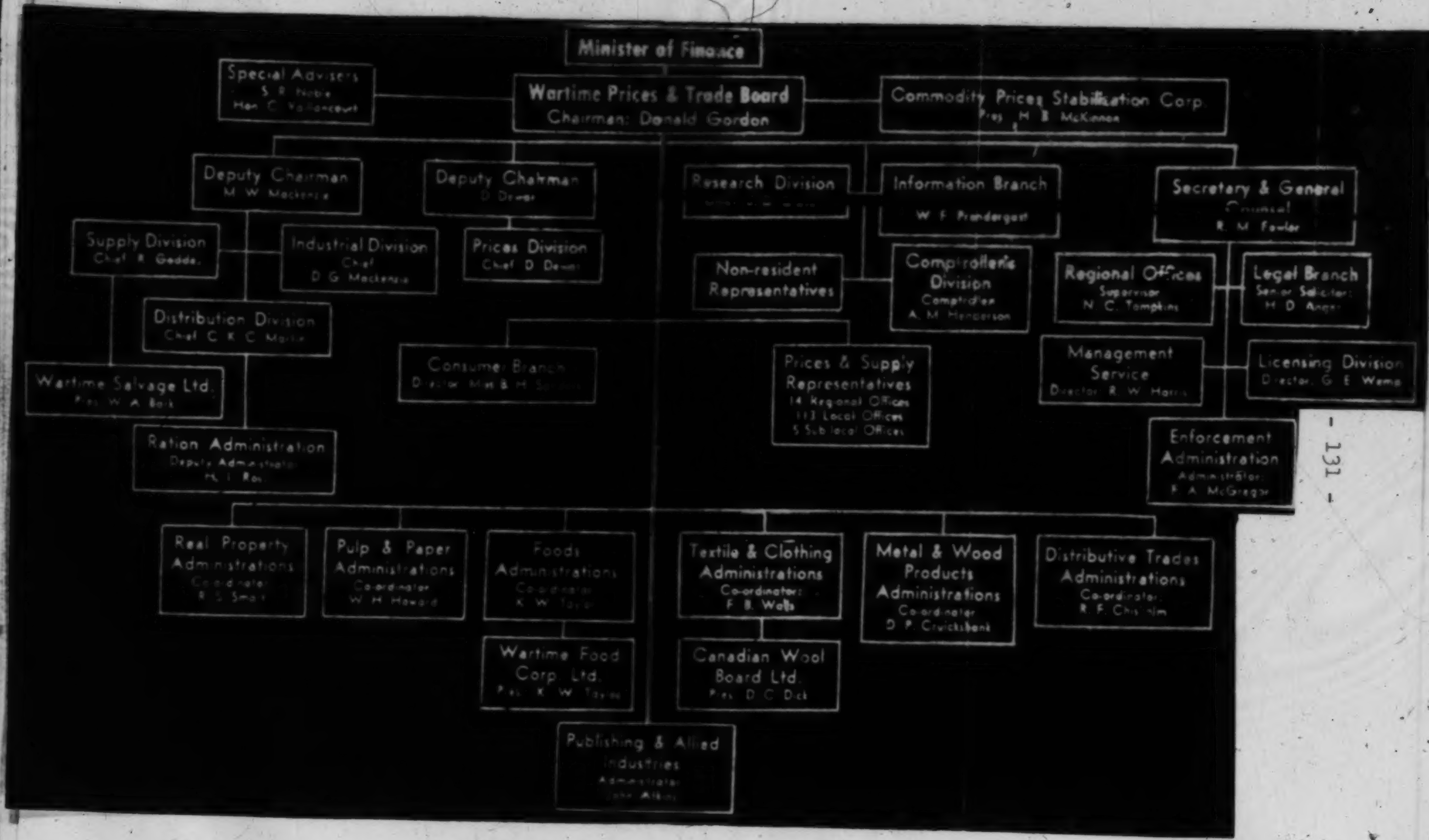
Finally the services section of the head office included the Consumer, Legal and Information Branches. The Consumer Branch organized 166 Women's Regional Advisory Committees across the country to feed local reaction on pricing and rationing to the Board. It also distributed information from Ottawa to consumer groups to promote compliance with Board orders.[8] The Legal Branch drafted Board orders and provided legal advice to various Board officials. Finally the Information Branch studied press comments on price control and also acted as the Board's press office by distributing announcements on Board plans and decisions.

In addition to these divisions, the Ration Administration dealt with all aspects of Rationing and the Regional Offices Division controlled the Board's field organization.

The Board grouped its commodity administrators under seven headings: Real Property, Pulp and Paper, Foods, Publishing and Allied Industries, Textiles and Clothing, Metal and Wood Products and Distributive Trades. A co-ordinator for each field served as the information conduit between the administrators of the individual commodities under him and the Board head office.

Finally the government established four crown corporations to solve specific problems. The Commodity Prices Stabilization Corporation awarded subsidies to manufacturers, distributors, wholesalers and retailers to prevent possible price increases arising from legitimate cost increases. The Canadian Wool Board purchased wools from the United Kingdom for Canadian consumption

while the Wartime Food Corporation assumed the responsibility for purchasing and distributing certain foodstuffs. Finally the Wartime Salvage Corporation promoted the recycling of materials for war production. 9.
These corporations operated under the immediate direction of the Board with ultimate responsibility for their activities resting with the Minister of Finance. An organization chart depicted the Board's chain of command:


Minister of Finance
Special Advisers S R Noble Hon C Vaillancourt
Wartime Prices & Trade Board Chairman: Donald Gordon
Commodity Prices Stabilization Corp. Pres H B McKinnon
Deputy Chairman M W Mackenzie
Deputy Chairman D Dewar
Research Division
Information Branch W F Prendergast
Secretary & General Counsel R M Fowler
Supply Division Chief R Geddes
Industrial Division Chief D G Mackenzie
Prices Division Chief D Dewar
Non-resident Representatives
Comptroller's Division Comptroller A M Henderson
Regional Offices Supervisor N C Tompkins
Legal Branch Senior Solicitor H D Anger
Distribution Division Chief C K C Martin
Consumer Branch Director Miss B H
Prices & Supply Representatives 14 Regional Offices 113 Local Offices 5 Sub-local Offices
Management Service Director R W Harris
Licensing Division Director G E Wemp
Wartime Salvage Ltd. Pres W A Bark
Ration Administration Deputy Administrator H I Ross
Enforcement Administration Administrator F A McGregor
Real Property Administrations Co-ordinator R S Smart
Pulp & Paper Administrations Co-ordinator W H Howard
Foods Administrations Co-ordinator K W Taylor
Textile & Clothing Administrations Co-ordinator F B Walls
Metal & Wood Products Administrations Co-ordinator D P Cruickshank
Distributive Trades Administrations Co-ordinator R F Chisholm
Wartime Food Corp. Ltd. Pres K W Taylor
Canadian Wool Board Ltd. Pres D C Dick
Publishing & Allied Industries Administrator John Atkins

Increasing the size of the Board increased its expenditures as the appropriations for 1942-3 indicated. That year the government budgeted $3,380,000 for Board administrative costs and an additional $50,000,000 for subsidies. [10.] As well, Gordon requested that the government construct a building to House the Board. He informed Ilsley "we require at least 120,000 square feet office space to properly look after our staff. The buildings we presently occupy are not properly laid out to procure maximum results from staff, as in practically all of them there are central areas, poorly ventilated and dependent upon artificial light for the greater part of the day.... At the present time members of the organization waste a great deal of time travelling between buildings for necessary information. Centralization would result in the conservation of filing areas, office equipment etc." [11.] The Minister did not respond to this request and the Board remained in temporary quarters.

In addition to dealing with the many administrative problems that came with Board expansion, Gordon also played a political role. Although non-partisanship governed appointments to Board positions, political considerations entered decisions on awarding Board contracts to external consultants. The chief question mark in 1942 centred around the activities of the J.D. Woods Company. Walter Gordon, one of the company's senior officials wrote to the Chairman in July 1942, outlining his concerns: "About two weeks ago I got a message from you through Hugh Mackenzie to the effect that arrangements with the Woods Company were not working out very well from your standpoint; that the name of the Woods Company was becoming too prominent; that complaints were being made about it by certain administrators and business men, and that you wondered whether the Woods organization could not be absorbed in some way into the Department of Simplified Practice. After thinking this over, I thought the proper course was to say that if the present set-up was causing, or was likely to cause you embarassment, or was otherwise unsatisfactory to you, the best thing to do would be to discontinue the arrangement. [12]

Despite this offer, the Chairman stood his ground.

In making that decision Gordon found himself at odds with David Sim, one of the original Board Administrators. He commended an industrial study prepared internally by the Board's officials and suggested that the Board could regularly produce work of that quality. Under such circumstances Sim asked did the Board need to retain the Woods Company at a cost of over $200,000 per year? As quickly as he had rejected Walter Gordon's offer to terminate his company's association with the Board, Donald Gordon replied in curt fashion to Sim's suggestion, noting that "I am quite satisfied that we have received real value for the accounts rendered and I am equally sure that we could not carry on our work without this type of assistance. I am afraid that some question of this expenditure has originated from one of our staff and is, in my opinion, quite unjustified".[13] A somewhat more conciliatory Sim responded to Gordon's rebuke: "So that there may be no misunderstanding about the matter, I want it clear that the inquiry originated with no one but David Sim. .. When I asked Hugh [Mackenzie] and [Maxwell] Henderson for information I did not know that we were dealing almost entirely with one firm headed by our friend Walter. Had I known that I doubt if I would have raised any question at all. $20,000 a month is a lot for us to pay for this sort of work and my effort is to ensure that we are getting value for our money. You are in the best position to determine that, because you are getting the reports, and if you are satisfied with the practical benefits accruing in relation to the large outlay, I have nothing to add. [14]

The matter of contracts for industrial surveys never surfaced outside the WPTB. It appears that in this case the Board chose a 'friendly' consultant to work on its behalf but whether Walter Gordon benefitted from this contract is another matter. In his autobiography, Gordon noted that he returned to Toronto from Ottawa early in 1942, recruited a staff for J.D. Woods and Gordon Ltd., and then made the new organization "available to the Wartime Prices and Trade Board on a non-profit basis." [15] Even without profits, such a contract expanded the company's business and prestige.

The opposition in Parliament remained unaware of these connections but picked on another matter in the autumn of 1942. The Conservatives labelled the Board an institution habouring able-bodied men fit for service overseas but unwilling to serve with the armed forces. This challenge arose after the plebiscite in April 1942 in which the Prime Minister asked the country to release his government from the pledge at the outset of the war not to impose conscription. If the government would not impose conscription, then all able-bodied government employees should volunteer, claimed the Tories. In response to an order paper question in the House about Board manpower, the Chairman told the Minister of Finance that "I wish to take strong exception to answering questions of this sort. By implication it suggests that there is something wrong about men of military age being employed by the Wartime Prices and Trade Board. I suggest that the questions in their present form are improper and should be withdrawn. It is difficult enough to obtain suitable staff to discharge the responsibilities placed upon this Board and if our senior men are going to be subject to 'witch hunts' of this character, I am sure our difficulties are going to be immeasurably increased." 16. In the same letter Gordon objected to opposition questioning of salaries paid to Board officials and the arrangements made by dollar-a-year men. The Chairman never considered whether these business recruits could act independently when facing conflicts of interest in their activities with the Board. Gordon accepted their contributions at face value, preferring to emphasize their patriotic sacrifice rather than the opportunity this gave dollar-a-year men to juggle the system to the advantage of their former firms.

Not surprisingly the Chairman's scorn over the manpower challenges grew when the Conservative pressure intensified as summer became autumn. Opposition questions centred on Gordon's deputy, James Coyne. Finally, the attacks became too much to take. Coyne decided in October 1942 to leave the Board and join the Air Force. Despite the support of the Chairman, the 32 year old bachelor succumbed to the political pressure exerted by the opposition.[17]

Coyne's departure brought on changes as M.W. Mackenzie took his place as the Chairman's Deputy. By the end of 1942 the key officials had been named to guide the Board through the coming war years. In the future there would only be minor shuffles of personnel. Collectively this group now faced two tasks: administering the price control programme and fitting Board activities into the overall government system of economic controls.

Late in the year Ilsley faced a question he had hoped would not arise. Would Donald Gordon continue to lead the WPTB? Throughout the summer Gordon had debated the role and powers of his Board with officials from the Departments of Munitions and Supply and Agriculture. Both ministries perceived the WPTB as a potential challenger to their hegemony in their own spheres. In return Gordon believed that unless the WPTB expropriated specific powers that rested with the two ministries, the price freeze would collapse. Protracted and frustrating negotiations ensued.

The Board Chairman's plate was piled even higher in the autumn as the government gave the WPTB the responsibility for curtailing and closing industries deemed non-essential so that manpower could be diverted to war industries, farms and the armed forces. To maintain full production in munitions plants and keep the army at sufficient strength would require massive manpower shifts, plant closures and economic adjustments, all of which would likely be resisted by those affected. If Gordon did not already have enough problems, this industrial curtailment could easily become the straw that broke the camel's back.

On November 16 Gordon wrote to Ilsley claiming the price ceiling was falling apart and placing the blame for the failure of the policy on his own shoulders. "In considering my own position [he stated] I have reached the conclusions that the struggle to maintain price control now calls for fresh thought and new energies. I feel that this can best be accomplished by a change in the Chairmanship of the Board. I believe further that the change should take place at about the same time as an announcement of new administrative action."[18.] Gordon also included comments on cost of living index increases and suggested methods of preventing any further rises in his letter.

Undoubtedly the constant pressure of pricing problems severely drained the Chairman's energies but in his diary the Prime Minister noted another reason for Gordon's despondence: "He felt very badly at the loss of Coyne. Ilsley thought he could talk him out of it resignation."[19.] Coyne's enlistment plus his other burdens finally led Gordon to question the value of further service with the Board. However Ilsley convinced him that his departure at this point would be a total disaster for the government. Indeed it would have been for during the course of the previous year Gordon's high profile as the man responsible for price control made strong impressions on the public. Time and time again he had stressed that the Board would not surrender to demands for price increases or the relaxation of the rigid ceiling. For Gordon now to abandon ship would have destroyed all that work and likely brought the price control programme to an end as well.

Having decided to stay, Gordon did not brood but resumed work at the tremendous pace he had been maintaining. On his first anniversary as Chairman he presented the Finance Minister with the completed plans for the local administration of rationing across the country. By December 1942 the Board had secured the co-operation of municipalities from coast to coast in establishing approximately 600 local ration offices. As the Chairman indicated, "these Boards will handle all ration problems of a local nature, the distribution of the new ration books and related functions, maintaining contact with our Ration Administrator through liaison officers attached to our Regional and Local offices." 20. Gordon estimated that the cost per office per month would be about $375; an excellent deal that provided the

Ration Administration with a presence in all major communities throughout Canada.

By early 1943 local offices dealt with most rationing matters as ration officers slotted into the Board's regional and local office organization. A report to the Ration Administrator in early January 1943 proposed a working relationship between ration staff in the field and other Board officers to ensure local ration officials had a degree of independence from the local Price and Supply Representatives.[21]

The Supervisor of Regional Offices noted in a memo to the Board Secretary at the end of March 1943 that problems still remained despite the proposed agreement. Specifically he complained that although the Board's local offices had done a lot of work for the Ration Administration, in areas where there was no Ration Administration office no arrangement had been made with the Regional Offices Administration. He suggested that as well as establishing such an agreement, the Local Offices should be kept posted on the activities of the Ration Boards and the Ration Administration in general."[22] More negotiations ensued, producing a working agreement by the end of the summer. The history of the Board's field operations noted that the agreement established parallel organizations because "Ration Offices throughout Canada are, to a degree, actual miniatures in structure of the Regional Offices themselves and it is not necessary to explain ... why the duplication is unavoidable beyond mention of the fact that they have various travelling investigators, superintendents etc., acting on behalf of the Ration Administration in exactly the same way as Regional Offices must have various travelling representatives, looking after the remaining matters of Board interest." 23. Although different from the normal pattern of head office - field office relations, this modified arrangement worked with great success.

Early in 1943 the Board also expanded on other administrative fronts. It formed a Standards Division to study and report on standards of quality of goods being sold to prevent cheap lines being substituted for higher priced goods. If a company dropped its higher priced lines in this way an indirect price increase had occurred as the cheapest lines of the commodity could frequently be priced up to the ceiling established for the higher quality model withdrawn from production. An alteration in Board administrative policies and responsibilities resulting from Gordon's 1942 negotiations with the Wartime Industries Control Board accompanied the creation of the new division. In future "insofar as it is possible to state a general principle [the Financial Post reported] it is that jurisdiction over basic materials of end products, the principal use of which is for war purposes, should rest with the Wartime Industries Control Board, while those which are primarily of a civilian nature should rest with the Wartime Prices and Trade Board." 24.

This clarification of the Board's new responsibilities however merely increased the attacks from Opposition Members of Parliament. They challenged the authoritarian nature of the Board's rulings, its apparent existence and operation beyond the control of Parliament and even the integrity of the Board's Chairman. Fortunately for the WPTB the Minister of Finance regularly rejected these criticisms. As Ilsley stated in the House of Commons on March 22, 1943, "Mr. Gordon and the other officials of the wartime prices and trade board are continually in consultation with myself, almost every day and for many hours on some days. I am kept closely in touch with all important decisions of policy made by the board; I take full responsibility for those decisions and am prepared to take full responsibility in this house ...The attacks that are made here should not be made upon the Board or upon Mr. Gordon; they should be made upon myself and upon the government, and I will undertake to defend what has been done to the extent of my ability." 25.

The Board could not have asked for more uncategorical support from the government. Throughout his career as Finance Minister Ilsley never wavered in backing Gordon and the Board. A skilful debater and parliamentary figure, he explained Board policies to the Commons and the nation and defended the Board against attacks arising from its activities. With a reputation as a highly competent and successful administrator to add to his parliamentary ability, members of the House rarely dared challenge Ilsley. 26.

However opposition members did criticize the administrative expenses involved in price control. From the outset of the war until the end of February 1943, the Board's actual expenditures had been just under

$9.5 million with an additional $670,000 in administrative costs attributed to the CPSC and the other Board agencies. As time passed though, it became increasingly difficult for the Opposition to challenge the WPTB. Members of Parliament could not accuse the Board of being too rigid in the freeze or of rationing goods unnecessarily, as such charges would lead the government to call those Members unpatriotic. After all the Board only took steps deemed absolutely essential, and all who questioned WPTB actions damaged rather than helped the war effort. Therefore Board operating expenses remained the only target for the Opposition. Here they could and did claim that the government wasted money that should have been directed to the war effort. Such an **allegation** proved infinitely more difficult to counter than attacks on specific Board orders and programmes. As soon as the Opposition discovered this, their attacks rarely strayed from this topic.

The Chairman remained sensitive to such criticism and at the end of June 1943 sent Bulletin 158 on the curtailment of administrative expenses to all Board officials. It suggested that as expansion of the Board had ended, greater attention should now be paid to economies in organization and operations. Gordon suggested that travelling expenses, long distance telephone calls, and purchases of unnecessary office supplies could all be limited. He even requested Board members to avoid expensive air flights and take lower berths when travelling by train. Finally he commented that there "is room for economy in over-generous tips, unnecessary use of taxis and in the speeding up of meetings so as to reduce hotel expenses. I feel a great deal of unnecessary travel could be eliminated if each Administrator were to consider how to use the facilities of the Regional Offices of the Board."[27]

On the more general question of the size of the Board's staff, Gordon believed economies could also be found. He thought the time had come to stop any further growth and told his officials that "it is time for us to consider very carefully the justification for various services now being provided by the Board. All executive officers are, therefore, urged to review their immediate organization and to make any suggestions which would result in staff economy. Special consideration should be given to practices which may have been justified in the first instances but which may no longer be necessary."[28] As a result, by July 1943 the Board reached its maximum size. Staff numbers levelled off and then began to decline. At the same time, by the end of 1943 most Canadians concluded that the Allies would win the war. That year Allied forces drove German and Italian troops from Africa and invaded Italy and Sicily, recording impressive victories and wiping out memories of the desperate days of the late summer of 1942 when German forces seemed destined to take both Stalingrad and Cairo. A day when the WPTB might no longer be needed now seemed to be at least on the distant horizon.

The Chairman's request that Board officials consider the staffing of their branches followed May 1943 changes in head office staffing. Gordon recommended to Ilsley that Douglas Dewar and M.W. Mackenzie both be appointed Deputy Chairman. As well R.M. Fowler, the Secretary and Legal Assistant to the Chairman became Secretary and General Counsel to the Board.[29] Dewar retained the responsibility for the detailed administration of price adjustments while Mackenzie co-ordinated and supervised planning for the manufacture, distribution and rationing of essential consumer goods. Fowler required a more senior title to act as Board negotiator with various interest groups. He would concentrate on legal work but retained the title as Secretary as well until the Chairman could find a suitable replacement.

At the same time the Board created other divisions or sections to respond to specific economic problems. The Standards Section dealt with matters relating to deterioration in the quality of goods sold at the consumer level, as quality deterioration became a frequent method of circumventing price controls and increasing profits. Only individuals with considerable experience with the goods in question could determine whether deterioration had in fact taken place and further whether that deterioration was a deliberate attempt to maximize profits or was unavoidable due to reductions in the supply of quality raw materials and skilled labour. As manufacturers used substitute materials and relied on less skilled labour while consumer demand remained high, quality deterioration inevitably resulted. The WPTB tried to prevent this, but as Gordon told his staff "it may be that, in order to provide the best use of diminishing supplies and maintain the value of the consumer dollar, it will be necessary to set standard specifications. Indeed, for many classes of goods it is a moot point how successful a price control programme can be unless related to some definitions of quality, specifications and standards." 30. The Standards Section co-ordinated Administrators' activities on price-quality relationships, recommended regulations as needed and reviewed Board procedures to maintain quality levels of goods. The Section reported to the chief of the Prices Division and assisted Administrators and Enforcement officers in dealing with consumer complaints about quality degradation. As well it conducted regular quality deterioration surveys of manufacturers, wholesalers and retailers.

While new sections established themselves in mid-1943, the Chairman began consideration of changes required as the war moved towards a successful conclusion and the Board's role declined. As a first step towards contraction, Gordon informed all officials that the Board had finally reached its maximum size. Next he instituted orderly planning to deal with the inevitable reduction in Board personnel once the economy returned to peacetime operations. Replying to a Gordon letter outlining the need to plan for peacetime.W.C. Clark agreed that chaos would quickly envelop the stabilization programme at the end of the war "if Administrators, Controllers and other senior officers now doing wartime work on a temporary basis as a contribution to the war effort should suddenly find it necessary or in their personal interest to return immediately to their peacetime occupations. I shall be glad to put this general subject on the agenda for the next meeting of the Economic Advisory Committee."[31.] In the meantime, Gordon asked his own personnel to review the status of their individual Administrations and Divisions to determine how peace would affect their operations. He followed this request with a Chairman's memorandum on post-war organization dealing with general Board plans for decontrol. He told them of his concern "that Administrators and Head Office Divisions with their staffs will tend to disappear overnight. If this were to be the case, there would be danger that a breakdown of our organization would cause confusion and difficulty at the very time when everything possible should be done to keep things running on an even keel."[32.] He therefore requested each Co-ordinator of Administrations and director of each Head Office branch and division to prepare plans for orderly operation during decontrol. Over the following few months the Chairman received many replies to this memorandum from Co-ordinators and individual Administrators who outlined their expected staffing situations in the weeks immediately following the war's conclusion. From this survey, head office personnel moved to eliminate potential problems and to ensure that the Board's operating branches would not collapse.

In October 1943 Research Branch economist J.F. Parkinson assured Gordon that all Administrations would have sufficient staff including at **least** one of the present key men in the post-war months. Furthermore, among those who would leave, several could still serve part-time, and each Administration kept detailed records of all their activities for future reference.[33.] By the end of 1943 the Chairman knew that his worst fears would not be realized but that remained a small comfort to the man who headed the government's most visible control agency.

This visibility and Gordon's belief that the price control policy must be known and understood by all Canadians, occasionally placed the Board in jeopardy. Not only the Opposition found some aspects of the Board's operations objectionable. Government backbenchers also criticized the Board, certain that they knew the reasoning behind the Board's uncompromising decisions. Although rarely if ever making their complaints public, these members voiced their concerns in Liberal caucus meetings. The Prime Minister's diary revealed one such outburst, noting that "both McGeer and Slaght made exceptionally strong speeches calculated to have quite a strong influence showing that the government's finances and policies were being shaped by the Bank of Canada, representative of the orthodox finance and private banking interests. Slaght sought to have it appear that Towers, Clark and Gordon of the Prices Board were not only all Bennett appointments but Tories of the old school of finance. As a matter of fact all three are, I think, Liberals." 34. Government backbenchers blamed "the Tories" at the helm of the government's economic controls for the Liberals' political problems in 1943. After losing four federal by-elections, temporarily trailing the CCF in national public opinion polls and being soundly trounced by both the CCF and the Conservatives in the Ontario provincial election, the federal Liberals appeared to be on the ropes. The price control system received much of the blame for the downturn in Liberal fortunes. As many officials came to the Prices Board from positions in senior and middle management in the business world, some government caucus members viewed such occupational backgrounds as signifying

Tory sympathies. Under such circumstances the charge of Tory domination was a natural one to levy against the Board and its officials, even though little evidence existed to support such claims as most of the Board's activities could not be understood along party lines.

The continual pressures of promoting price control while withstanding criticism, plus the more substantial matters of administering prices and supply took a toll on Board and government officials. In late 1942 Gordon hinted at his desire to return to the Bank of Canada. Others tired of their heavy responsibilities as well. Henry Borden left his post as Chairman of the WICB in November 1943 to return to a law practice in Toronto,[35.] and even the Finance Minister felt the exhaustion brought on by a mammoth workload. More than anyone else, J.L. Ilsley carried the government's controls programme on his back. Never shying away from accepting responsibility for the decisions of all those under him, the pressure from the opposition, the press and even his own backbenchers never let up. Grant Dexter noted Ilsley's decline in one of the many confidential memos he sent to his Winnipeg Free Press office in late 1943, commenting that "I shouldn't be surprised if he has already had a nervous breakdown.

If not he is on the verge of it, and to one of his character, a break of this kind will probably put him out for the duration. His emotions have become uncontrollable. The difficulty with him is that he feels he is holding the ceilings single handed not only against the party but against his colleagues. He alone is left to say no and to fight. He feels unable to go on, while the drive for more money here, higher prices there, higher wages and so on is ceaseless." 36.

The pressures affected many others in a similar fashion including once again the Board Chairman. As 1943 came to a close Gordon repeated an earlier request of Ilsley: "For some time I have had in mind raising with you the question of my returning to my regular duties as Deputy Governor of the Bank of Canada. I have put off doing so for what have seemed to be special reasons for my staying on as Chairman of the Wartime Prices and Trade Board. I have been hoping that there must develop an appropriate point at which I could be expected to be relieved. I believe that the present time is as appropriate as it is likely to be in the future ... I hope you will agree that the prospect of my absence for another two or three years from the Bank is even more unsatisfactory, and that, in all circumstances, I am justified in asking to be relieved early in the coming year."[36.]

Again Ilsley stood in the way. Gordon would not end his relationship with the Board for another three and a half years. Having guided the Board through the period of administrative growth and expansion of operations the equally difficult task of dismantling the Board faced the government. To the people of Canada, Gordon was the Wartime Prices and Trade Board. He had sold price control to the nation. Now he would have to return the country to a peacetime economy in an orderly fashion. The initial steps began in 1943 but the real move towards decontrol and reduction in the Board's size and powers came in 1944.

The Chairman brought one of his major concerns about decontrol to the Board's attention at its first meeting of the year. Government departments had started recalling senior civil servants loaned to the Board. Several key men had already left and this trend would likely accelerate in the coming months. All the WPTB could do was authorize the Chairman to continue his discussions in the hope that the practice could be halted.[38] Obviously the loss of these senior officials who had helped build and operate the Board would severely damage reconversion planning.

Gordon, concerned that dollar-a-year men had also started to leave and that the key paid WPTB personnel need be given only seven days notice of termination of their position, looked to Ilsley for assistance. Employees feared that they would be put onto the street. Therefore they jumped at any job offered them to avoid being stuck should their employment with the Board come to an abrupt and sudden end. In a January 26, 1944 letter to Ilsley, Gordon divided his staff into four categories:

1. The so-called dollar-a-year men who are certain of returning to their former business or profession and are anxious to leave the Board as soon as they can be released.
2. Those who are on loan to the Board from various companies and who, whether they are paid by their own companies or by the Board, fully intend to return to their former business as soon as they can be released.

3. Senior and intermediate officials paid by the Board who have no specific post in private industry or profession awaiting their return.
4. Junior or clerical staff. [39]

Little could be done to retain the services of those in the first two groups beyond appealing to their employers to allow their people to remain with the Board for a period of time following the end of hostilities. However, Gordon suggested a method of easing the difficulties facing paid staff. If the Civil Service Commission would offer key senior and intermediate WPTB officials a fixed two year guarantee of employment, their fears about job security would be eliminated.

Following the tremendous late summer success of the Allied troops in 1944 in breaking out of the Normandy beachhead in France, most Canadians believed the war would soon end. In preparation for that day the Board Executive Committee established a reorganization committee on September 27, 1944. [40] Under the direction of the former Administrator of Distribution C.K.C. Martin, it would recommend which essential staff to retain, which to release and how to dispose of the huge files of records accumulated by the Board.

Gordon informed Co-ordinators and Administrators of the Martin committee and asked for co-operation in reducing the size of the Board staff as individual tasks became less onerous. Those who wished to remain with the Board should be assigned to more productive tasks. This Bulletin also noted the Chairman's failure to gain concessions from the Minister of Finance on the post-war retention of interested staff. Gordon told his officials "it might be pointed out that no overall arrangement can be made to absorb the staff into permanent civil service positions. These positions are filled by competitive examination in which members of the Armed Forces in receipt of pensions have first preference, and those with overseas service a secondary preference." [41].

This Ilsley decision was a double defeat for Gordon. Not only had he been unable to obtain the required civil service extension for his staff, he had also fought with the Finance Minister and lost on the question of priority for veterans in civil service hiring. Gordon believed that the government imposed a double curse on those who left pre-war occupations to work for the Board by offering priority to military veterans and by requesting that industry give veterans preference in post-war hirings. The situation became so desperate that at one point Gordon asked an official to remain with the Board rather than accept an available private industry job as a personal favour to the Chairman. The conclusion of a letter to Ilsley clearly stated Gordon's position. He said, "I would therefore urge upon you that the whole present theory of a preference to all veterans is grossly unfair to those thousands of persons who have served the Government faithfully and well during the past five years, that it will gravely handicap the work of the WPTB during the immediate and crucial future, and that it cannot fail to lower the general standard of efficiency of the Civil Service at a time when there is an unparalleled opportunity to strengthen the Civil Service." [42].

The Martin committee spent its first few months corresponding with administrators to clarify individual plans for the orderly reduction of Board manpower. As part of these communications the committee asked each branch and division of the Board to compile a history of its personnel and operations for future reference. [43].

On more general matters, throughout 1944 as in previous years the activities of the Board received an airing in the House of Commons. The Opposition zeroed in on two Board activities: issuing fines or imprisoning citizens for violating Board regulations while the Board offered no flexibility in its rulings, and the WPTB's failure to admit that it might not always be right. Any questions raised by critics produced an answer from the Board that it demanded be accepted as gospel. No other viewpoints existed. 44. Although generally supportive of the Board, the CCF argued that such attitudes damaged the Board's effectiveness. The party believed the Board's successes demonstrated to the electorate that a planned economy could work, but in the CCF's view, central direction of the economy did not have to be accompanied by arrogance and self-righteousness in dealing with the people of Canada.

Outside the House of Commons however, the Board and its operations had widespread support. 45. Spurred on in no small part by the propaganda and public relations efforts of the government, Canadians realized that the Board performed an essential function. Its continued success allowed Canada to contribute more effectively and efficiently to the Allied cause. In part public support for the Board came from the agency's cautious attention to detail and refusal to play politics with the sweeping powers it held over civilian life in Canada. WPTB officials based decisions on economic or strategic reasons and not political grounds. The Board regularly received from Senators, Members of Parliament and on occasion even Cabinet Ministers requests to consider decisions that would favour certain groups within their constituencies. However, Gordon regularly resisted. In doing so, he had a strong ally in Ilsley. He would not tolerate this sort of political tampering with the Board.

Only on rare occasions did the government challenge a Board decision on political grounds, forcing Ilsley in one case to challenge the Prime Minister. The Premier of Quebec, Adelard Godbout had requested that King alter a Board regulation to end a strike of taxi cab drivers in Quebec City and Montreal and enhance Godbout's image in the days leading to a provincial election. King recounted the tale in his diary: "The Cabinet were absolutely one with me that a regulation of the Wartime Prices and Trade Board which really created an unfair condition toward the underpaid taxi drivers in Quebec should not be allowed to prejudice the possible results in that city. It was admitted that the taxi drivers had justice on their side but had not followed the right procedure to get it duly considered. When Ilsley came in the matter was further gone over but he took his customary obstinate stand of not permitting anything to be done likely to lead to other demands, etc. I pointed out that the elections in all probability would be very close; that it was unreasonable to think that we should not seek to help our strongest ally hold his own where we obviously were in a position to do at least something for them ... That I felt that the interests of Canada demanded that we should, at this stage, leave no stone unturned to help secure **Godbout's** return. I felt so incensed at Ilsley's inconsiderate attitude particularly on this day toward myself that having said this, I left the meeting of council ... It was agreed after I left that steps would be taken which would meet what I had suggested. I really feel, however, that a man who acts like Ilsley does in these matters no matter how conscientious he may be, has not the political judgement which justify one recommending him for leadership."[46]

Ilsley lost the argument and in the process incurred the momentary wrath of his leader, but this did not alter his willingness to defend the actions and independence of the Board. His attitude remained constant from the war's darkest days to a time when victory seemed around the corner. That support revealed the integrity that made him a major force in the Cabinet.

Planning for decontrol led to changes in the Board's top level administration to match the personnel adjustment in the Board's lower ranks supervised by the Martin Committee. This topic continued to greatly concern the Chairman as in 1945 the rush back to private industry began. In 1944 the Board lost 187 men of the officer class and replaced only 19 with new recruits. This reduction in complement reflected the ongoing adjustments in personnel made by the Board as the need for economic regulation declined. In February 1945 Gordon informed the Minister of Finance that the Board still retained over 300 men and women loaned from their employers and acting in senior administrative capacities on an unpaid basis. The Board paid many others serving on loan from private industry in full or in part. Early in 1945 Gordon decided that he needed more assistance to allow himself to participate in policy matters at the

Bank of Canada and the Industrial Development Bank.

With Douglas Dewar and Robert Fowler resigning, the Chairman proposed that three Deputy Chairmen be appointed to assume some of his duties. [47] The most senior of the additions was M.W. McCutcheon, who joined the Board to replace an ailing Dewar, leaving his position as Chairman of the Board of the National Life Assurance Company. After an early career working as a teacher, insurance salesman and lawyer McCutcheon had worked for James Stewart who directed the Toronto office of the WPTB. He then came to Ottawa at the urging of Gordon and Robert Fowler. [48] He took Dewar's job as the Chief of the Prices Division and retained it when elevated to Deputy Chairman. Kenneth Taylor also became a Deputy Chairman while continuing as Co-ordinator of Foods, and Roy Geddes assumed the third deputy spot in addition to heading the Supply Division. Finally the Board recalled A.F.W. Plumptre from its Washington office to serve as Secretary. The departure of some of the senior staff plus the need for men of appropriate rank and competence to deal with the upcoming price and supply problems in decontrol led to the appointment of a triumvirate beneath Gordon. During the Board's slow growth and expansion the Chairman personally supervised many of these developments. The dismantling of the Board would take place in a shorter time frame. Under such conditions Gordon required experienced assistance to handle the many groups and individuals likely to approach the WPTB with questions or complaints. 49.

Further changes followed involving other Board personnel. Shortly after the announcement of the senior staff shuffle, the Standards Division became an independent administration. A Bulletin outlined its new functions "(a) Investigate, primarily at the industry level, cases of the alleged physical degradation of the quality-price relationship existing in the basic period; (b) Sample the quality-price relationship of consumer products at the industry level as directed by the Industrial Division; (c) Survey product specifications and marketing practices at the industry level with the object of developing a desired quality-price relationship or minimum standard for a given line of products." 50. The new Administration operated at the industry level, leaving retail and consumer activities to the existing Board regional and local offices. As manufacturers reintroduced products to the marketplace, selling prices had to be established. The Board wanted these new prices to reflect accurately the prices in the base period for goods of comparable quality. Given this task, the Administration's work increased in volume and consequence as decontrol moved into full swing.

As the pressure for increasingly widespread decontrol grew in the spring of 1945 the Board's staffing problems became more and more serious. At an early June Board meeting both the general and specific implications of the growing staffing problem dramatically faced the Board. Gordon again suggested that the only solution would be to offer permanent positions to a selected few staff members. Otherwise, the situation throughout the Board would soon match the difficulties already facing the Ration Administration. There, the Administrator had told Gordon that personnel shortages might mean they couldn't cope with meat rationing if the government reintroduced the program.[51]

Aware of the gravity of the situation, Gordon briefed Ilsley on the situation and sent a lengthy report to him on June 24, 1945 outlining the organizational problems facing the Board and the Chairman's proposed solutions. The WPTB could not discharge its responsibilities if it could not retain the services of key employees. At the same time Board management did not have sole authority over decisions on staff and administrative matters. 52. The relationship between the Civil Service Commission and the Board heightened the latter problem for as "a temporary government department [the Board] is required to conform to the regulations of the Civil Service Commission. Experience has shown that not only do the Commission's requirements cause the Board considerable unnecessary expense and decrease efficiency but they bring such delays and such an unrealistic approach generally to the work that it is seriously undermining morale and efficiency of the staff ... As a result, staff unrest and turnover is heavy with the tendency already marked of only those remaining who cannot get better or permanent jobs elsewhere." 53. The personnel drain could be halted by offering full time government positions to key Board personnel. From a total headquarters and field staff of approximately 5280, Gordon classed 150 as essential for the maintenance of Board operations and the price ceiling. Filling these positions would provide a solid base for continued operations.

However, to win such a concession would require extensive lobbying by the Chairman. To support his claim for an exemption from Civil Service Commission control

Gordon outlined the Board's growth from a total staff of only 150 at the time of the introduction of the price freeze in December 1941 to the current size in June 1945 with 977 employees in Ottawa, 979 in Toronto, 1208 in Montreal and the remaining 2116 scattered in field offices across the country. He argued that the Board required elasticity and speed in making staffing decisions and thus could not follow the elaborate rules of the Commission. He suggested that the burden on the Commission would be greatly eased by removing the Board from its jurisdiction and therefore the Commission should welcome such a move. The absence of Civil Service Commission regulations would not open up Board staffing completely however. The Chairman proposed the introduction of detailed regulations to control staffing, hiring, promotions, the establishment and alteration of salary levels and other related issues. Before approaching Ilsley, Gordon assembled his package carefully, basing many of his 1945 suggestions on an earlier proposal to assume Civil Service Commission responsibilities over Board personnel first made in 1943. Despite his efforts the Finance Minister had more important things on his mind, for he did not reply immediately.

Following the government's re-election on June 11, 1945, decontrol and reconversion consumed much of Ilsley's time. Many weeks of internal discussions **preceded** the Chairman's presentation to the new Minister of Reconstruction C.D. Howe, in late March 1945. As a result of this work, Gordon confidently predicted that most end-product restrictive or conservation controls would end soon after V-E day with some allocation and production regulations remaining in force. Sensing that the public might be tired of controls, Gordon proposed that as soon as possible after the end of the European war, the WPTB "should be ready to announce its intention with respect to the relaxation of controls and to emphasize the importance of maintaining these controls which are still essential, including price control." 54. However, he wanted co-ordinated action in announcing and implementing decontrol. The WPTB remained under the direction of the Finance Minister but in future many Board dealings would be with the new Department of Reconstruction. To prevent problems arising Gordon kept the Department aware of Board plans. A system already existed to inform Controllers of decisions of Administrators and vice versa but Gordon conceded that in some cases as the pace of decontrol quickened, the Prices Board had issued orders in some haste. Under these circumstances the Board did not always inform the WICB. In future the WPTB would eliminate these omissions.

Solving one problem still left many difficulties in co-ordinating activities across the whole government. Gordon told a special Board meeting on August 16, 1945 that "he had been concerned at the evidence of lack of coherent action or planning among different Ottawa wartime agencies in respect to the future of controls. He mentioned instances where WICB seemed to be proceeding at cross purposes with our Board. He felt that some action should be initiated by us to make known to other wartime agencies of the Government the special problems which beset our path in the various fields under our juriadiction." 55. Gordon would therefore approach C.D. Howe to discuss improving co-ordination, changing the poor responses of other agencies to decontrol problems that limited the effectiveness of the Prices Board and finally requesting information from other agencies to assist the Board in planning effectively for the future. A further Board meeting on August 21 added export controls and the textile situation to the list of topics to be discussed by Howe, Gordon and Ilsley. That meeting on

August 28 produced agreement on the direction for economic controls in the coming months. The Chairman confirmed his conclusions from the meeting in a subsequent letter to Ilsley: "It is understood that every effort will be made to maintain the overall price ceiling for the time being. During January 1946, we will have further discussions with you, and by that time will endeavour to have some proposals affecting a 'selective decontrol' of some prices. Our preliminary thinking is that we will attempt to take out of the ceiling, items which are not significant in the cost of living, or prices which require an administrative effort in control beyond that which appeared to be justified by results. We shall also intensify the work we have been doing over the past few months in the matter of eliminating subsidies now being paid on imports and on domestic production." 56. The Board followed this general policy as the economy remained under controls.

Not surprisingly, the government caucus reflected the restlessness of some sectors of the public with the prospect of continued controls. In September 1945 with the Pacific war over, King's diary again related the problems. "When caucus was thrown open there was much straight talking and criticizing of the government by older members. It began by Tommy Reid [an MP]. There was particular criticism of the Tory appointees. Some of their actions during the election. Of the war-time prices and trade board. Much said against bureaucracy or officials. Govt. not paying attention to private members ... Outspoken criticism of the rationing." 57. The views of some government backbenchers on the Prices Board and its officials had not changed throughout the war. Short of dismantling the price control system, they would never accept that price and related economic controls had been a worthwhile wartime venture. They may have been a temporary necessity, but now with the end of the war, only one intelligent course of action remained: end all controls as quickly as possible.

In September a step had been taken in this direction but it escaped the notice of much of the general public. With the signing of the cease fire with Japan, the need for munitions ended. It followed that the WICB under these circumstances could not last much longer. Wallace McCutcheon told a WPTB meeting early in October 1945 "that with the anticipated discontinuance of the

W.I.C.B. as a Board it becomes necessary for the Prices Board to take over the pricing function of the controls which are disappearing. He read a list of controls which are affected and advised of the arrangements made for continuing Prices Board operations in each case. Mr. Drewry stated that the present plans call for a final meeting of the W.I.C.B. in November after which the Board will be disbanded." 58. Then all WICB controls would revert to the WPTB. At one time this might have been a herculean burden for the Board to carry, but many of the WICB's controls had been terminated by the autumn of 1945 leaving the WPTB little to take over. In addition, announcements on selective decontrol came in early 1946 as the reconversion of the Canadian economy began in earnest. This further reduced the Board's remaining tasks.

The Chairman knew the WPTB would ultimately follow the path of its sister organization but the Board's disbandment did not come until almost two years after the demise of the Wartime Industries Control Board. Administering a smooth reconversion to consumer goods production and the accompanying need for continued rationing in some fields gave the Board an active role in the economy in its final years. These activities required central direction from Ottawa with less need for local input. It came as no surprise therefore in January 1946 when regional and sub-regional offices began to be closed in an orderly fashion as they became unnecessary. Board Secretary Wynne Plumptre stressed that "the original plans for the closing of some 20 of such offices in the first three months of 1946 will be accelerated somewhat by the discontinuance of tire rationing. It would be possible to drop about 40 local Board offices by March 31, 1946 with a total reduction in staff, including tire rationing offices of about 400." 59. Formulated in September 1945 the WPTB did not announce this plan until the end of tire rationing on December 31, 1945. The end of that activity and the declining need for local price watchdogs as increasing numbers of goods were freed from the ceiling left many local offices with little to do. First the Board closed smaller local offices, keeping open offices in major centres in each region and offices that shared space with ration offices. The last ones slated for closure would be those that had been established first, the 13 regional Board offices. Board headquarters in Ottawa assumed responsibility for operations in each area once offices were closed. By the end of July 1946 the WPTB had reduced its number of offices from a peak of 134 to 88, with further reductions on the way. One Regional office, 39 Local offices and six sub-local offices had been closed.[60]

(ii) Relations with the Wartime Industries Control Board

The internal administrative problems produced by the Board's expansion and contraction occupied much of the time of the Chairman and the senior management of the WPTB. External relations between the Board and other branches and departments of the government however also required constant attention and occasional intervention. In these activities as in almost all others the Chairman acted on behalf of the WPTB.

Throughout its life the Wartime Industries Control Board remained the most important of the agencies dealing with the WPTB. In its organizational structure, operations and philosophy the WICB paralleled the WPTB, concentrating on munitions production and the steps needed to maximize Canada's contribution to the war effort in this field. Unlike parallel lines however, the paths of the two Boards did cross on occasion, as no one knew which Board had priority over goods and materials used by both consumers and the munitions industry. In fact, the two Boards shared some commodity fields with a WPTB Administrator taking steps to ensure sufficient supplies for consumer demands and production and a WICB Controller fighting to obtain quantities of the goods in question to fill the appetites of munitions plants.

Frequently the two Boards had to allocate finite quantities of raw materials or specific goods between consumer and munitions manufacturers and this produced many opportunities for disagreements. They desperately needed an operating relationship, with the jurisdiction of each clearly delineated. Soon after the freeze Gordon proposed such a working arrangement in a letter to WICB Chairman R.C. Berkinshaw. He suggested all WICB Controllers be appointed WPTB Administrators. Each would be responsible to the WICB for war supplies and to the WPTB for civilian supplies. When acting for the WPTB they would have all the powers and authority of WPTB Administrators. Their power over prices would apply to the same commodities that they already regulated to maintain adequate supply levels. In return, any Board Administrator could act as a Controller for the

WICB if requested. In fact such a relationship already existed when the Boards dealt with coal and wool, both classed as WPTB commodities but required by war munitions manufacturers as well as consumer goods producers.

Gordon's plan covered most potential areas of conflict with one exception. The WICB controlled some goods of a primarily consumer character and usage such as oil and rubber but Gordon ignored this potential stumbling block.[61.] A solution would require several meetings over the following months.

In March 1942 the two Boards agreed to provide each other with more details about their individual activities. The WPTB Secretary received a WICB suggestion that information be informally exchanged between Boards systematically. Before a Controller issued an order, he would circulate it through the WICB Secretary to all WICB members including, of course, the WPTB Chairman Donald Gordon. Gordon could then inform specific WPTB Administrators. Discussion between the two Boards would follow, if necessary, prior to the proclamation of the order. The WPTB would also circulate its proposed orders to the WICB through its Chairman in a similar fashion.[62.]

This reduced the confusion created by overlapping orders but by the summer of 1942 more serious problems concerned the two Chairmen. Berkinshaw suggested that the exchange of information be expanded to include the priorities officers of the Department of Munitions and Supply. He requested this change as the WICB believed some orders from WPTB Administrators established priority schedules or preferential classes for the distribution of particular commodities. Such activities went beyond the jurisdiction of the WPTB and into the domain of Munitions and Supply. The Department controlled the allocation of raw materials to ensure that munitions plants could always operate at maximum output. Berkinshaw's plan would provide consistency in all raw materials priority schedules which in turn, he believed, would foster continuity in the operations of the two Boards.[63]

Gordon expressed a distinct coolness to this suggestion, possibly as he feared any changes might reduce his powers. The WPTB Chairman viewed Berkinshaw's plan as unworkable as orders that restricted or regulated the production of consumer goods could not be easily separated from those that established priority schedules. Gordon believed a substantial range of **alternatives existed between these** extremes, but ultimately he argued that as Board orders dealt only with consumer goods, the question really was none of the WICB's business. [64] However, if the WPTB somehow crept into the WICB's realm, Gordon assured Berkinshaw that "the orders of this Board and its Administrators will not affect or interfere with war supply without your concurrance."

As this example suggested, the relationship between the two Board's at times tended to degenerate with each trying to gain the advantage of the other. Gordon responded to Berkinshaw's latest suggestion with a revised memorandum outlining his recommendations for a new division of responsibilities between the two Boards. [65] The memo came from a discussion in which the Minister of Munitions and Supply, C.D..Howe requested Gordon's views on the relationship between the two Boards.

Gordon suggested a re-evaluation of the commodity responsibilities and activities of the WICB and WPTB. He traced existing problems to the expansion of the WICB's activities into a number of consumer goods fields prior to the total price freeze. The WICB assumed these responsibilities to ensure an adequate supply of critical materials for use in war production, but now, Gordon believed these commodities should be returned to their proper jurisdiction, the Prices Board. 66.

In the Chairman's view, two stages of the production process required government controls: raw materials and end products. To determine which Board should control either the raw materials or the end products, Gordon suggested the relative importance of the goods in question should be determined. If munitions production dominated demand, the WICB would exercise control. However, any portion of the supply of any raw material required for consumer goods production should be controlled by the WPTB. As well the WPTB would allocate available supplies of any end product destined for consumers.

In more detail the WPTB Chairman suggested two immediate transfers of jurisdiction. All end products classed as supplies and under WICB control because of metal content but destined for the consumer marketplace, all end products with rubber as a major component and used primarily by civilians (rubber overshoes, electrical wiring and equipment, etc.) and other consumer goods end products containing such materials as cork and binder twine should go to the WPTB. The second category covered all consumer rationing. This would merely legitimize the existing situation. For all intents and purposes by mid-1942, the WPTB controlled the mechanics of tire rationing and the enforcement of both tire and gasoline rationing, although on paper both remained under WICB jurisdiction.

Based on the adoption in full of Gordon's plan, when dealing with a raw material under the WICB, the Controller would assemble the military and consumer requirement as communicated by the Department of Munitions and Supply and the WPTB respectively. After ensuring that all possible conservation and substitution plans had been followed to minimize demand, the military would have priority as long as minimum essential consumer production could be maintained. The WPTB Administrators would then step in and divide the civilian supply in the most equitable fashion possible. The situation would be identical if the raw material fell under a WPTB Administrator. If Berkinshaw had earlier attempted to reduce some of the WPTB's powers for the benefit of the WICB, Gordon's counterproposal did exactly the same thing for the benefit of his Board.

Clearly the losers in Gordon's rationalization plan would be the Department of Munitions and Supply and the WICB. When C.D. Howe's reply to these suggestions reached Gordon's desk it could not have surprised the Chairman. Howe coldly commented that "the suggestions you make are so sweeping in character, and remove such a substantial portion of the powers of officials in my Department that I regret I am unable to agree with your view. Where powers granted to Controllers extend to civilian fields, they do so because, in my view, such powers are necessary and advisable to discharge effectively my duty with respect to war supply." 67. Howe's only minor concession concerned rationing. "With respect to rationing at the consumer level [he noted] I am preparing to instruct all Controllers through the Wartime Industries Control Board to consult with the Rationing Section of your Board, and to arrange that the facilities they are providing throughout the country shall be used wherever possible by Controllers so that there may be no cause for confusion on the part of the public." Howe jumped at the opportunity to use regional and local facilities financed by the WPTB but did not give the WPTB control of rationing. Only a meeting of the ministers concerned could solve the deadlock.

That meeting came on September 8, 1942, and surprisingly the Minister of Munitions and Supply changed his tune considerably from his initial response to Gordon's suggestion. As the minutes of the meeting recorded: "Mr. Howe agreed that the use of the end product should determine the jurisdiction subject to an important provision. He felt that the Controllers should control the manufacture in cases where the plants were predominantly engaged in war work. In such cases (which he thought would be relatively few in number) he would be prepared to undertake to see that essential civilian needs were manufactured to meet Wartime Prices and Trade Board requirements ... It was agreed that an examination of commodities presently controlled by Controllers should be made to determine what cases of transfers of jurisdiction to Wartime Prices and Trade Board Administrators seemed appropriate." 68. Ilsley, Howe, Gordon and W.A. Mackintosh also discussed the rationing confusion that existed between the two Boards, and agreed to give the WPTB control over all rationing. Initially, however, there would be no change regarding goods already rationed by Controllers' orders. Finally the Ministers also considered a matter raised in Berkinshaw's June letter. In future for raw materials used by producers of both consumer goods and munitions the WPTB would determine civilian requirements and requisition them from Controllers. For end products Controllers would assure necessary production as requisitioned by the WPTB with the distribution of the products resting with the WPTB.

Gordon had won concessions on most issues outlined in his August memorandum, but his victory had its costs. The WPTB's expanded jurisdiction merely heightened existing difficulties surrounding public perceptions of the role of each of the Boards. As each frequently did not know who should act in response to a particular situation, it was hardly surprising that the public was mystified about the relationship between the two Boards and their respective duties. Of the two, the WPTB had by far the highest public profile with regional offices operating across the nation by the end of 1942. The Department of Munitions and Supply also established some regional operations, opening an office in Montreal separate from the WPTB for its Priorities Branch. This action concerned the WPTB Supervisor of Regional Offices, R.T. Black, who suggested to the Chairman: "Every time a separate office is set up the howl of public criticisms seems to reach every part of the country but the inner sanctum of the particular controller's office, and the long suffering public will not stand for this duplication at a time when we are striving to sell a programme to eliminate just this sort of thing in private business ... The unfortunate part of it is that any criticism on the part of the public about the operations of the Wartime Industries Control Board reflects directly on the Wartime Prices and Trade Board. The same lack of appreciation of the fine distinction between the two Boards which brings the public to our offices for information causes our Board to suffer from any criticism which may be intended for the Wartime Industries Control Board. This is why our Prices and Supply Representatives feel so keenly on the matter." 69.

The inability of the public to distinguish between the two Boards produced bad publicity for the WPTB even on issues that did not involve the Prices Board at all.

The WPTB-WICB relationship again became a topic for discussion in October 1942 as Henry Borden replaced Berkinshaw as Chairman. Borden, a Toronto corporate lawyer came to the government early in the war at the urging of then Minister of Finance J.L. Ralston. A quick legal mind remained his prime attribute and he soon discovered he would require all that skill and more in dealing with Gordon. 70. Almost immediately he wrote to the WPTB Chairman requesting a meeting to discuss the relationship between the two Boards. 71. This grew into a series of meetings to sort out unresolved questions from the September 8, 1942 division of responsibilities. By the end of 1942 progress had been made in transferring some commodities from the WICB to the WPTB. In return Borden wanted the WICB to control coal because of its strategic importance.

Gordon did not know how to respond to this suggestion. He wrote to Ilsley in late December 1942 laying out the options and asking for advice, but ultimately concluding that "I am inclined to the view that it would be advisable to transfer jurisdiction over coal to the Wartime Industries Control Board. In arriving at this conclusion I am influenced largely by what I consider to be the over-riding consideration, namely the need for uniform planning and the avoidance of conflict which I feel sure will develop from a divided jurisdiction over interchangable fuels, all of which are in critically short supply." 72.

In the House in February 1943 the Finance Minister commented on this aspect of the WPTB's dealings with the WICB. Ilsley said that, "growing shortages of coal and wood fuel emphasize the desirability of centralized control over all forms of fuel in order to facilitate production planning. Moreover production of wood fuel is closely related to the timber control under the Department of Munitions and Supply. It is therefore proposed to transfer control over both coal and wood fuel to the Department of Munitions and Supply, which will now be responsible for all domestic primary production other than agricultural or fisheries products." 73. As often occurred Ilsley had accepted Gordon's advice.

Through a series of negotiations by the end of 1942 Gordon had proven a tough but ultimately fair bargainer in modifying the relationship with the WICB. With such an agreement a major step had been taken to rationalize the government's economic controls apparatus. More discussions and modifications would follow but the two Boards had established an amicable relationship.

Even with this general improvement, there continued to be some tough exchanges between the Chairmen. In February 1943 Borden resented Gordon taking a dispute over housing conversion plans to Ilsley, for he believed an agreement could have been reached without ministerial intervention. Borden bluntly informed the WPTB Chairman that "I do not believe that we can get to first base in this manner. This is the way in which operations between your Board and this Department were conducted for many months prior to last October. Since then, I have endeavoured to change the basis of that operation, as I know you have." [74.] In future he proposed that the two men meet and try to solve any problem before involving Ministers, as he believed the overwhelming majority of difficulties could be solved in this fashion.

Further refinements to the working relationship continued in 1943 as the WPTB fought to maintain its domination over the consumer economy. The Board's executive committee dealt with one problem on

April 16, 1943, concluding "that while a Controller of the W.I.C.B. may have jurisdiction in respect to any particular goods right down to the retail level, the W.P.T.B. has a general responsibility for civilian supply and has a right therefore to intervene or make representations to the W.I.C.B. in any case of difficulty in the civilian distribution of the goods in question." 75.

Throughout the war Gordon ensured that the WPTB would not be muscled out of any field it believed it should control. This required defensive as well as offensive action by the Board. When the Department of Munitions and Supply complained to the Economic Advisory Committee in June 1943 that it had to pay higher prices for commodities so that the civilian population could enjoy the benefits of price control, Gordon quickly pointed out to Deputy Finance Minister Clark that Munitions and Supply had from the beginning fought to remain outside of controls. Now, the Chairman continued, they wanted the best of both worlds. The WPTB simply would not stand for that sort of double talk. 76.

As there had been considerable discussion between the Prices Board and the WICB during the expansion of their spheres of influence, spirited discussions also took place on decontrol planning. How would responsibilities be divided to meet this new challenge?

With peace on the horizon in the late summer of 1944, Gordon wasted little time in staking out the WPTB's territory in decontrol. He outlined his views in an August 1944 letter to WICB Chairman J.G. Godsoe who had replaced Henry Borden in late 1943. Immediately following the conclusion of the war, the WPTB would continue to exercise all its wartime powers. Ensuring an adequate supply of essential consumer goods remained a priority but beyond this the Board would not assist munitions manufacturers to return to consumer goods production. No responsibility would be taken for possible unemployment arising from the termination of war contracts but to promote the switch to consumer goods production which could in turn generate new jobs, Board orders limiting the manufacture of prohibited or restricted end products would be rescinded as quickly as possible. Manufacturers could then produce what they wished based solely upon the availability of raw materials and labour. Additionally the Board would cease regulating the use of raw materials, but would retain responsibility for fixing prices for all goods re-entering the consumer marketplace. [77]

Gordon planned to announce this programme late in September 1944 as it formed the basis of the Board's suggested decontrol policy. The Chairman was merely informing his counterparts at the WICB that they should make any needed preparations to fit their actions to the WPTB programme. It was an inflammatory letter but was written deliberately, as Gordon told Clark: "I expect this letter will create a bit of a stir but that may have some effect in crystallizing decisions which ought to have been made some time ago. I have discussed the situation with Mr. Ilsley and he is in general agreement with this approach." [78] In fact, any WICB protestations fell on deaf ears for with few changes the Chairman announced the Board's plans to a Canadian Club audience in Toronto on September 11, 1944.

Gordon's actions on decontrol fit perfectly the pattern of his relations with the WICB. Knowing that the Industries Control Board possessed the same general objectives as the Prices Board, Gordon worked to find a lasting arrangement that could allow each Board the maximum operating flexibility to carry out its tasks. In these negotiations he generally adopted a calm, helpful stance that quickly changed if the powers and autonomy of the WPTB became threatened.

Then Gordon could and did act ruthlessly, appealing over the heads of the WICB to Ilsley for support and arguing vociferously for major realignments in the relationship between the two Boards to give all effective power to the WPTB without any compromises. As well, although talking about co-operation and sharing information, when Gordon made a decision he acted regardless of whether the WICB had been informed. Naturally enough such stunts did not endear Gordon to the WICB or other government agencies.

The relationship with the WICB worked almost exclusively to the advantage of the WPTB. With greater power and influence than any WICB Chairman, Gordon liberally consolidated his and his Board's position. Negotiations between the two Boards were dominated by the presence and personality of Donald Gordon. Nor surprisingly, with such an advantage the Wartime Prices and

Trade Board faced few difficulties with the Wartime Industries Control Board once the ground rules had been established.

(iii) Relations with the Department of Agriculture

The same could hardly be said for the stormy relationship between the WPTB and the Department of Agriculture. In that Minister, former Saskatchewan Premier James Gardiner, Gordon met his match as a ruthless, cut-throat negotiator with exactly the same motivation as the Board Chairman. Gardiner refused to allow the loss of any control over essential matters to individuals, agencies or Departments outside his direct sphere of influence.

A community of interest and appreciation of the other's problems played a major role in the relationship between the WICB and the WPTB but no such feelings existed between the Board and the Department of Agriculture. Rather the situation more closely ressembled open warfare with occasional truces to allow the two sides to take stock, consolidate any gains and prepare for the next battle. Throughout the war no other government agency came remotely close to matching the Department of Agriculture in the aggravation, frustration and anger it caused Gordon. Any relationship established between the Board and the Department produced the most tenuous of agreements subject to violation without warning. The power to set prices for farm products and to act to ensure adequate supplies of foodstuffs for the domestic market dominated discussions between the two bodies. The Department of Agriculture fought tenaciously to save farmers recovering from the price depressions of the 1930s from a squeeze that could produce another era of depressed prices as a result of price controls.

Although the Board and the Department frequently fought over beef prices, the basic dispute centred on more major questions. Should price control affect farmers? Should the Board be the agency administering price control on farm products? How should the Board deal with shortages of agricultural products? Should the Department of Agriculture remain the sole authority here? In part the Department objected to the Board's interference in beef matters as the WPTB had initially chosen not to enter the field of export restrictions, leaving beef without controls in the early days of the war.

In January 1942 the WPTB speculated that rising American beef prices would increase Canadian exports, leading to domestic shortages but decided to take no immediate action to restrict exports. By March the Board detected certain trends, as excess consumer purchasing power combined with increases in exports of bacon and pork to the United Kingdom translated into an expected greater demand for beef. Without a ceiling price, a decline in exports might have covered the situation but the price ceiling changed the matter completely. If a ceiling restricted the profits a farmer could earn on domestic sales there would be no incentive to divert cattle from the export market as long as demand for beef remained high outside the country. Should export controls be imposed to ensure that cattle would be marketed domestically? This question produced a Cabinet confrontation in late March 1942. Discussions climaxed early in April as Gordon directed strong words to the Prime Minister: "The Minister of Agriculture has repeatedly stated his view, both in the meetings of Cabinet in question and in other meetings at which I have been present, that the price policy of the Government is subject to some qualification in regards to prices as it affects the farmer. I have no knowledge of any such qualification, nor can I find anything in the Maximum Prices Regulations to support this view. If there is a qualification I feel I should be clearly informed of the nature of it so that I may discuss with the Board the implications of it in regard to administrative action. (I cannot refrain from adding that an unsupportable strain is being placed upon both the administration of the policy, and the policy itself, if Agriculture continues to resist every move which affects the farmer, except those which involve higher and higher prices.)" 79. Department of Agriculture interference, in Gordon's view, made it much more difficult to win and hold public support for price control.

This letter from the Chairman challenged a Cabinet decision. To defeat Board plans to control the export of live cattle and the introduction of an orderly domestic marketing plan to ensure the availability of sufficient supplies of beef at prices within the ceiling, Gardiner argued that no evidence of a present or future beef shortage existed. He objected to export controls as Canadian farmers received good prices for their cattle in the United States. Restricting exports would remove this market, ending a major source of farm income. Therefore, Gardiner refuted most of Gordon's arguments about the supply and marketing of cattle. The Minister bluntly told King that plentiful supplies existed and concluded, "If the Prices Board will co-operate instead of trying since January to ram an unsound policy down our throats a reasonable price ceiling can be maintained." 80.

This vitriolic response gained Gardiner a temporary reprieve but Gordon continued to lobby for controls over beef exports and marketing. He forwarded a memorandum to Ilsley on April 27, 1942, and a letter detailing the history of the dispute followed two weeks later. 81.

In that letter Gordon emphastically stated that price control of beef could not succeed without supply control and the latter could not be achieved without some regulation on the export of cattle. The domestic shortage of beef added to the Chairman's concerns. In Gordon's view the existing difficulty in holding the beef price ceiling had broad ramifications. He told Ilsley "the retail ceiling on beef is no longer being recognized by an increasing number of butcher shops -- so many that an attempt to enforce the law would be futile. To pretend that a price ceiling existed which everyone knew was being ignored and could not be enforced would in my judgement be even worse than removing the price ceiling entirely ... I should perhaps add that a decision to remove the price ceiling from beef and beef products would have very serious implications in regard to the possibility of maintaining an effective administration of the general price ceiling policy." Gordon again suggested the regulation of exports and the recognition of appropriate seasonal variations in price. To sweeten the pot for farmers he now offered assurances of a domestic market for their products at appropriate prices through purchase as necessary by the Foods Administration. This final suggestion ultimately produced the Wartime Food Corporation to co-ordinate food purchases.

Although the Agriculture Department eventually accepted the Gordon plan in part, the question then became who would fix agricultural prices. In mid-May, Gordon cautioned Ilsley in strong terms against any Agriculture Department proposal that would allow it to set commodity prices.[82.] This issue highlighted the unique relationship between Gordon and Ilsley. Although nominally reporting to the Minister, Gordon maintained almost total independence. Ilsley rarely challenged Gordon's recommendations and his opinion in virtually every case soon became the departmental position.

However it would be wrong to suggest that Gordon controlled Ilsley. Rather, the Minister respected the intellect and instincts of the man he had placed as head of the Board. Under such circumstances he rarely saw a need to tighten his reins on Gordon. In turn the Chairman no doubt exercised his discretion by advancing only those ideas he knew Ilsley could sell to his colleagues in Cabinet. The pairing worked well throughout the war, and must be seen as one of the major reasons for the Board's success.

On occasion the two required all of their collective skills to reach agreements with outside agencies. It took all of 1942 to hammer out an agreement between the Board and the Agriculture Department on food production issues. Finally, Gordon presented the Board's view of an acceptable solution to the Minister of Finance on December 30, 1942.[83.] Again the WPTB fought for control of both supply and distribution as prerequisites for effective price control.

The proposal itself did not depart a great deal from previous Board suggestions. As in the operating agreement with the WICB, the WPTB would define consumer needs and the Departments of Agriculture and Fisheries would ensure the necessary production of foodstuffs at prices under the ceilings established by the Board. If this could not be done, subsidies, price increases or other measures could be introduced to generate sufficient food production. Should a price increase be needed the Board would be the final arbitrator. The two parties would make joint recommendations to their respective Ministers on subsidies to be paid by the CPSC to eliminate the need for price increases, but the food ministries would be solely responsible for all other efforts to regulate, encourage and stimulate domestic production by primary producers. Once foods reached processing and distribution, however, the Board would exercise its responsibilities. Food rationing, if needed, would be under WPTB direction, and all other food matters would fall under the Foods Administrator. Finally the WPTB would regulate food exports only if they threatened to reduce domestic supplies below minimum requirements.[84] Gordon asked Ilsley to take these proposals to the other ministers in the hope of reaching a settlement.

The Finance Minister wasted no time and early in 1943 the Board and the Department of Agriculture appeared close to an agreement. The Financial Post heralded pending changes in the Board's Food Administration in the second week of January, predicting a major shuffle in the Administrator's office with much of the power over food shifting to the Agriculture Department. 85. The changes came as no surprise, as the Administration under Gordon Taggart had caused the Board some embarrassment during the previous year by denying that butter rationing would be imposed almost to the moment of its introduction. Taggart's retirement later in January fuelled the Post's suspicions of pending changes. The newspaper speculated that after the shuffle "rationing of consumer foods and final approval of consumer foodstuff prices will be left with the Department of Finance but the rest of the matters affecting primary foodstuffs will shift, it is believed, to agriculture." 86.

Pressure for modifications to the government's foods policy also came from the House of Commons. Leader of the Opposition Gordon Graydon, in replying to the Speech from the Throne, on February 1, 1943 called for the creation of a Food Ministry, stating that "it could never have been intended that the operations of the wartime prices and trade board could reach so far into the realm of production and distribution of the products of the farm." 87.

The Finance Minister responded just over a week later. Rising in the House Ilsley announced changes in the relationship between the Board, the Department of Agriculture and the Department of Munitions and Supply. In future, the Department would supervise production at the primary level, export contracts to Britain and other Allies, and the distribution and provision of supplies as required in regions where Agriculture officials already performed that function. The WPTB would regulate imports and wholesale and retail distribution of food plus retain final control over all price and rationing matters. The two bodies would, however, try to co-operate as much as possible in future.[88] For example, if the Department believed sufficient quantity of any food could not be obtained at the price established by the Board consultation with the WPTB would precede any action. Recommendations to Cabinet regarding subsidies to primary producers would come from the Minister of Agriculture, but the control of beef cattle exports remained outside the current agreement.[89] Finally, the department would control food distribution to the armed forces. For the WPTB, Kenneth Taylor became the new Foods Administrator replacing Taggart.

In this fashion the Board also established its overall working relationship with the Department of Agriculture. The road would not be so smooth in future. Animosity and distrust between Gardiner and Gordon continued throughout the war, frequently centring on disputes about beef ceiling prices. Gordon had the interests of eastern consumers in his mind in fighting to keep down the price while Gardiner battled just as vociferously for western beef producers. Over the remaining years of the war these arguments frequently embroiled the Cabinet, forcing the Prime Minister to settle the disputes.

(iv) Conclusions

In its growth and structure the Wartime Prices and Trade Board conforms to the characteristics of bureaucracies identified by Peter Blau. The prime objective of the WPTB was to control prices and rationing in the most efficient fashion possible. As Blau has suggested, the most difficult problem for any bureaucracy is the "expeditious removal of the obstacles to efficient operations which recurrently arise. This cannot be accomplished by a preconceived system of procedures ... but only be creating conditions favourable to continuous adjustive development in the organization." 90.

It would be difficult to find a more precise description of the Board's operating procedure. To ensure complete flexibility Gordon remained in complete control throughout the Board's wartime life. In consultation with some of his senior officials, he juggled divisions, branches and rules at will to counter specific problems as they arose. The simple objective was to solve each problem or silence every criticism as soon as possible to prevent others joining the attack and to preserve the impression that controls worked. If the Board could operate efficiently without public outcries about injustices, it was doing its job.

At the same time, as Blau has pointed out "bureaucratization concentrates power in the hands of a few men and curtails the freedom that is essential for democracy." 91. However, in the process of mobilizing a nation for war, some elements of democracy are passed by and power is inevitably vested in the hands of a small group of men. In the case of the WPTB the opportunity for despotic use of that power certainly existed as the Board had almost unlimited control of the domestic economy. That control was tempered by the decision to have representatives of the industries being regulated serving as the regulators. Such appointments curbed allegations that the WPTB was not acting in the best interests of the business community. It could still be said though that many sectors of the economy, and the general public as well, did not receive the same sort of representation on the Board. Those groups, on occasion did not understand the reasoning for Board decisions and certainly had no opportunity to protest about the equity of any decision. In this manner, it could be said that democracy was the loser in the WPTB's activities.

Finally Blau has noted that "democratic processes are in particular danger of being undermined by bureaucratization in organizations which have the double purpose of deciding on common objectives, on the one hand, and of carrying the decisions out, on the other."[92]. The full recounting of the activities of the Board will demonstrate how the WPTB also fits this characteristic of bureaucratic organizations.

By early 1943 the Board's operating procedure had been firmly established. Through broad agreements on operational activities and jurisdiction made with the Wartime Industries Control Board and the Department of Agriculture, Gordon tried to concentrate Board attention on price, supply and rationing matters while at the same time taking the first tentative steps in decontrol planning. In this new responsibility, Donald Gordon remained at the centre of all Board activities.

Throughout his tenure Gordon's influence and wishes pervaded almost every aspect of the Board's administration. Although he frequently discussed matters with his senior Board colleagues, the Chairman made the decisions and the Board acted on his wishes. With such power Gordon could potentially control the Board and operate price control as a tyrannical dictatorship. To his credit he did not do this. Despite the frequent carping of Liberal backbenchers at caucus meetings, Gordon acted by and large, with an even hand, mindful of the objectives he had set when he became Chairman. Price control would be administered in a consistent fashion, the public would be regularly informed and called upon to play a role in the operation of the system and the Board would distribute evenly whatever economic hardship might flow from the price freeze from manufacturer to retailer. In this task, Gordon received able assistance from many groups and individuals. As Walter Gordon's biographer noted, those who worked for the Board profited from that association. The men who came to Ottawa, became after the war "the link between the two Canadian mandarinates of Ottawa and Bay Street - St. James Street. The ties of friendship and mutual respect which developed through six years of war in the Department of Munitions and Supply, the Wartime Prices and Trade Board and the Bank of Canada were there to be maintained after 1945 when the administration of things had come to replace the government of men."[93.] Matching the devotion of those beneath him, Gordon also enjoyed the total co-operation of his immdiate superior, Finance Minister J.L. Ilsley. Through a constant stream of correspondence Gordon kept Ilsley aware of developments on the price control and consumer goods fronts. In return Ilsley remained on the alert to defend the Board against attacks from the Opposition, the press and the general public, and against undue political interference from within the Liberal party itself. No doubt the ferocious manner with which Ilsley defended the Board and its actions, caused many to think twice before flippantly criticizing price control and those administering it.

Ilsley's support by no means suggests that the Board Chairman could not defend himself. Time and again Gordon rose to the task, outlining to politicians and the public his interpretation of the power and authority of the WPTB, and encroaching upon the power of other agencies to ensure that he could achieve his goals. These tactics produced conflicts of one sort or another with various government agencies. Sometimes this caught the Chairman off guard but on other occasions he seemed prepared to incite an intragovernmental dispute to win his point. Gordon fought battles with the Wartime Industries Control Board generally on an issue by issue basis in a co-operative spirit. The same could not be said about the continuing struggle with the Department of Agriculture. Even following the signing of a comprehensive agreement early in 1943 each side distrusted the actions of the other throughout the remainder of the war and stood ready to cry foul at the slightest provocation.

During the war the administrative growth and development of the Board constantly reflected Donald Gordon's wishes. The Chairman ensured that both the growth and the contraction of the Board occurred in a well thought out, and carefully managed fashion. In a planned fashion, the

Board expanded across the country and just as carefully packed its bags and disappeared into the night after completing its task. During its life however, the WPTB performed a valuable role and maintained a visible presence in the life of almost every Canadian. The original plan for Board organization and administration came from Walter Gordon but the leadership of Donald Gordon turned those plans into a reality. Through regular shuffles of administrators and divisions, the Board responded to the shifting problems of controlling prices across Canada. Though the Board's structure changed fairly regularly, two solid principles dominated its life. The head office would command the WPTB's operation, while keeping attuned to the difficulties faced by all sectors of the Board. As well, the WPTB would establish a[1] presence in communities across the country to communicate regularly with Canadians on a local and individual basis and to allow people to bring their complaints to a Board representative who understood local conditions and had the power to act to solve minor difficulties.

One obvious conclusion springs from a survey of the Board's administrative structure. Donald Gordon remained constantly in touch with all of the Board's operations and activities. He could well be criticised and was for the failings of the Board but he could as well accept much of the praise for any successes.

Chapter Three

Controlling Prices, Wages and Living Costs

The task assigned to the WPTB in October 1941 might at first have appeared almost too simple. The Board merely had to ensure that commodity prices did not exceed the maximum charged during the base period from September 15 to October 11, 1941. Though it sounded easy, maintaining the price freeze soon took the Board into almost every aspect of the nation's economy. Government regulators discovered that each order required complementary orders or regulations in related fields. This produced an ever-widening circle of WPTB orders, regulations and requests for voluntary compliance. By the end of the war price control influenced and in many cases restricted, the lives of every Canadian.

This evolution forced the Board into frequent administrative adjustments. As aspects of the freeze grew in importance, the Board created new branches and divisions to deal with new situations. The supply, standardization, simplification and equitable distribution of goods each eventually assumed sufficient importance to necessitate the formation of specific divisions to assume responsibility for these freeze-related issues. However the Prices Division retained the bulk of the responsibility for price control.

(i) Controlling Prices

The Prices Division faced its first crisis in its initial weeks as a pressing need existed to translate the price freeze into rational terms that could be successfully administered nationally. Uniform national price ceilings for each product seemed the obvious answer but the original freeze order allowed each retailer to sell any product at a price equal to or less than its price in the base period. As a result, different stores in a community established different ceiling prices for the same commodity. Retailers also faced difficulties when the replacement cost of commodities had legitimately risen substantially from the time the retailer obtained his stock during the base period to the time of the freeze. A general average ceiling price that reflected a fair selling price during the base period could reduce these difficulties. From it, the squeeze could be passed backwards through the wholesaler and producer chain.[1] Using this logic, the division developed uniform ceiling prices.

Pricing goods not sold during the base period also concerned Price Division officials throughout the first few months of the freeze. In responding to a question, division head Douglas Dewar suggested that any dealer unsure of the price to charge for a commodity should "submit his product to the appropriate Administrator who will consult with the Retail Trades Administrator and, if necessary, with the Wholesale Trades Administrator. In this way an appropriate retail price is established and intermediate prices are placed in proper relation to the retail price. In the case of production goods the Administrator concerned will be responsible for determining an appropriate price."[2] Behind this admittedly arbitrary procedure was the maxim that no merchandise could be priced at a level higher than would have been appropriate had it been for sale during the base period. This assisted Administrators in reaching pricing decisions - but obviously allowed room for major and conceivably significant errors.

Mistakes would be made but the public would have to accept them without losing faith in the Board or price control. From the start the Board remained sensitive to the overwhelming need for public support. For that reason, it decided to call regularly on Canadians to help build individual interest in price control. Women, as the shoppers for households, could play a key role here but at the same time the Board concluded that it should work through local groups rather than making a general public appeal. If these groups and retailers could be brought together each might gain a better understanding of the others' problems. One move that could build this co-operation was the posting of a list of maximum prices wherever possible in each store. Finally the Board, at an early point, concluded that it would be advantageous to maintain close and friendly relations with the press. Through that avenue and through prompt responses to any complaints from the public the Board hoped to head off any anti-price control sentiment before it could develop into a broad-based movement.[3] Sticking to these general principles increased the likelihood of success for the Board but at the same time the WPTB could not forget the interests of its major client group the business community.

In the early days of the freeze the Board had considerable support. Some observers even feared that consumers might be too zealous in their efforts to assist the government in maintaining the freeze. A Financial Post editorial cautioned that "housewives should remember that the merchants with whom they have done business for years are honest; otherwise they should not have been dealing with them ... It is a plea for consumers to check their facts before reporting apparent infringements of the regulations." 4. The Post asked for support for retailers as they made honest mistakes while adjusting to the freeze. Initially there would be considerable uncertainty but with time, as procedures became more familiar to business and consumers the process would become routine.

Uncertainty was not limited to the public, for considerable confusion existed in the Chairman's mind about the direction the price control programme should take in its early days. In February 1942 Donald Gordon asked Bank of Canada Governor Graham Towers for comments on future courses of action open to the Board. Should retail prices be standardized in a list of identifiable items, subject to freight zoning differentials? Should Canada be broken into zones for purposes of those differentials? Should the price of other commodities be relaxed after imposing a strict priority for essential goods? Should retail prices be standardized through manufacturer and wholesaler levels? Should a WPTB label appear to show its approval of the price to be charged? Finally, Gordon wondered should the Board establish a body to regulate product standards to prevent quality deterioration? The Chairman revealed his fears in the letter's conclusion, telling Ilsley that "I feel that the individual's retail price ceiling, established during the fixed period of September 15 - October 11, 1941 is sure to become meaningless as time goes on. For one thing, people forget what the basic period means in terms of prices and, for another thing, we, ourselves, have the greatest difficulty in keeping in mind comparable values and prices. I am very nervous however about expressing such a view because it might be regarded in some quarters as abandonning the price ceiling completely. Consequently, I am really searching for some technique which would redefine the price ceiling in terms of where important articles can be identified by the consumer." 5. These concerns surfaced as Gordon appreciated the breadth of the task that lay ahead of the Board.

Confusion in the minds of the public and the Chairman produced suggested modifications to the freeze. Despite generally supporting the ceiling, the Financial Post argued that rationing rather than a price freeze could most easily solve problems with the distribution of goods. It would also promote consumer self-denial. After the first few months of the freeze, the Post reported that some businessmen wanted to limit the program in an effort to balance price levels. Price control and subsidies, they believed, should initially begin only for raw materials. Then price adjustments would be made before freezing prices at wholesale and retail levels. As one proponent of this scheme argued, "experimentation is largely a process of trial and error. Now there has been a period of trial. Perhaps errors have been revealed which ... should be promptly corrected." [6]

Despite this talk, Gordon, fearful that easing the freeze even slightly would open the floodgates taking with it all price controls, remained committed to a rigid stand on the freeze. Expressing doubts and fears privately, government and Board officials publicly supported controls in the hope that the storm could be weathered. Minor modifications could be made to the freeze but the government had decided the previous autumn that only price control could slow the rate of inflation. Retreating in the face of the tough realities that grew from that decision would severely damage the government's credibility with the business community and the public in general.

Slowly the situation came into focus. Gordon clearly outlined his position in a July 1942 bulletin to Board officials, stating that "I believe the time has come to re-emphasize the Board's intention to maintain strictly the retail price ceiling, despite certain seasonal adjustments which have been found necessary. It is believed that a sufficient period has elapsed for adjustment of extreme cases, and that only confusion and weakness can result from any further lifting of retail ceilings."[7.] From that point, all members of the retailing chain from producer to consumer would have to absorb part of the squeeze. Increases in manufacturers' prices might be allowed if the rest of the distribution and wholesaling chain could absorb the squeeze. As well to help manufacturers absorb cost increases, a subsidy could be paid on goods deemed essential. Finally for non-essential goods where no squeeze could be absorbed, manufacturers had to decide whether to sell at a loss or halt production. The bulletin suggested that this situation would occur in an increasing number of cases for "the definition of essentiality will be more and more restricted as time goes on and this and other developments will increase the need for greater standardization of production and for strict control of new lines, of price ranges and generally of all aspects of the production and distribution of goods." By September the Financial Post noted that after the initial success of price control the WPTB must now turn to finding the "most efficient and least harmful ways of cutting down civilian production and distribution." [8.] Finding solutions to the first series of pricing problems produced public support for the programme and for the Board.

The WPTB used a variety of methods to adapt the initial price freeze order to different retailing, wholesaling and manufacturing situations across the country. Slowly some standard operating procedures developed. The WPTB exempted some goods from the ceiling when the costs of controls did not compare to the importance of the commodity. Likewise it became necessary on occasion to supplement regular controls with special extensions, individual price adjustments, ceiling schedules for new goods or market price ceilings when the Board desired more flexible controls. Other adjustments to the rigid ceiling included standard maximum prices, seasonal price variations for agricultural products and juggling intermediate prices between manufacturers and retailers to distribute the squeeze more equitably. Subsidy payments also required more flexibility [illegible] assist in equalizing the squeeze. Finally standardization and simplification of production helped to reduce costs and conserve raw materials.[9]

Obviously, its first nine months price control had become very complex, as modifications to the ceiling assisted business in coping while ensuring that retail prices remained steady. There had been criticism of the Board's activities in the early days but quick and effective responses did much to silence that. In no small part, success came from the managerial skills of senior Board officials. In responding to the daily problems raised by enforcing a retail price freeze and in developing a grass roots network to stimulate public involvement and support, Board officials demonstrated a capacity for understanding problems and responding quickly with solutions. In acting the Board rarely attempted to bully business into compliance. A letter to the Chairman expressed "appreciation to the administrators as well as yourself for the courtesies and care with which they have at all times extended to us in the multitude of difficulties which surround our operation." [10.] This typified the good working relationships that developed between the regulators and the regulated. Responses to initial pricing problems turned previous skepticism into support. With pleasure the Minister of Finance rose in the House of Commons in his 1942 budget speech and proclaimed that "the policy has in fact worked, and has won support at home and admiration and emulation abroad." [11.] Such a glowing account may have been somewhat premature, but certainly the fears of business had been largely overcome by the end of the first summer of the price freeze.

Business and the public provided vital support for Board policies but price control success required the backing of labour as well. Labour had to believe that the ceiling would work. At the same time, demand for higher wages must be restrained, for higher wages would lead straight to higher prices. Without labour support therefore the ceiling could be quickly shattered.

This issue particularly interested the Board's Washington representative A.F.W. Plumptre, who suggested several reasons for labour antagonism to the Board.

Unemployment arising from Board programmes loomed on the horizon. Labour could feel a greater impact on its lifestyles from shortages of various consumer goods until a rationing programme could be introduced. Rising agricultural prices also caused some concern but primarily labour feared any reconsideration of the cost of living bonus programme for wages. The basic antagonism of labour, Plumptre believed sprang "from the declared policy of the Board to 'allow industry to govern itself' as far as practicable. Almost every Administrator has been chosen from within his trade. Thus, up to the present, 'management' in the persons of the Administrators and their Advisory Committees, has had complete authority (subject to the Chairman); 'labour' has had virtually no voice either within the Administrations or at the Head Office of the Board. This may have been satisfactory when price control was the dominant purpose of the Board; it is likely to prove increasingly unsatisfactory as industrial concentration and restriction of production becomes important." 12. He suggested that at minimum the WPTB should develop an informal consultation process with labour. Aside from creating a labour liaison officer within the Board's Consumer Branch 13. Gordon did not act. Labour remained seriously underrepresented at the decision-making levels of the Board but this situation did not differ markedly from that in other departments. Within the Department of Munitions and Supply labour similarly received short shrift. Despite a lengthy business career prior to entering the House of Commons, C.D. Howe had no feel for the value of good labour relations. He saw no role or need for unions in the agencies and boards established within his ministry, leaving organized labour as frustrated as it was in dealing with the WPTB.[14]

Labour remained outside the policy formulation process, in stark contrast to the access to the Chairman retained by businessmen. An example of business influence came in late 1942 as pressure for price increases mounted in the face of cost of living wage bonus payments, rising unit production costs resulting from lower volumes of production due to materials and labour shortages, increases in risk insurance for transportation, curtailment of some production to conserve resources and the use of substitute materials in certain goods. No doubt in response to business demands, Gordon indicated to Ilsley a willingness to abandon the essence of the freeze. He suggested the freeze on consumable consumer goods should remain, with business being supported by subsidies if necessary. However, Gordon believed the WPTB could allow some flexibility in pricing consumer durable goods. He noted that there "is not the same justification, as a matter of public policy, for subsidizing such goods and controlled price increases appear to be inevitable ... Generally speaking price adjustments will be made at the manufacturing level, with named prices, wherever possible at wholesale and at retail." 15.

The Chairman perceived business support to be essential for Board success but never adopted the same view of labour. Such a policy contained certain risks for the Board and the government. Gordon gambled that labour would not become sufficiently antagonized and was not sufficiently organized to stage any large scale protest over its lack of input into Board decisions. That gamble proved correct for the first year of the war, but a strike in the steel industry early in 1943 suggested a new era of labour militancy might soon begin.

Business and public support held for more than the first year of the freeze but rising pressures in 1943 led to the growth of a broad anti-controls sentiment across Canada. The Financial Post called for a reorganization of the administration of controls while others responding to business pressures first encountered in late 1942 and growing shortages of consumer goods that led to rationing, demanded a dismantling of the whole controls administration. Sinking in early 1943 public opinion polls to a point where they trailed both the Conservatives and the CCF, the governing Liberals blamed the growing unpopularity of controls for the decline in their political fortunes. As the war continued, controls became harder and harder to apply and to maintain, particularly with military victory now almost assured. As on previous occasions, with this latest threat to the programme some within the Board contemplated breaking ranks.

One obvious solution to the difficulties involved changing the base period as September-October 1941 bore almost no relevence to 1943 economic conditions. Having returned to his Toronto consulting firm, Walter Gordon approached the Board Chairman early in 1943 with just such a scheme to head off the trouble he saw on the horizon. He chastized Donald Gordon for maintaining the original price freeze for so long without modifying it to suit changing conditions. Then he outlined his concerns about the growing pressures on the ceiling. In particular Walter Gordon noted fading public confidence in the accuracy of official cost of living index statistics. If the government backed down on the ceiling and then reformed its lines after allowing some price rises at the wholesale and retail levels while also leaving only the most essential products under the ceiling, Walter Gordon believed the freeze policy would remain effective. Subsidies would still be paid and rent ceilings would remain in force, but relaxation of ceiling restrictions and payment of cost of living bonuses to match the loosened price ceiling would allow employers more discretion on the payment of wage increases under War Labour Board supervision. The conclusions presented by the architect of the original price ceiling plan must have enraged the Board Chairman. In Walter Gordon's view, "the whole situation is getting serious and believe that some drastic changes in policy should be made now in order to avoid a blow-up at some time in the future. The widespread flouting of present regulations cannot be stopped in my opinion by restrictive or enforcement measures and can only be dealt with effectively by some re-orientation of policy." 16. In some ways this suggestion paralleled the argument made by Donald Gordon to Ilsley the previous November. After that rejection, to be now told by an outsider how to run his Board and the price control programme played on the obstinate streak in Gordon's character. He did not enjoy having his ideas challenged and Walter Gordon's prodding on the heels of Ilsley's rejection merely increased the Chairman's resolve to prove that the original scheme would be made to work without alteration.

Despite initial wavering Gordon now quashed a suggested relaxation of the freeze at a Board meeting on May 18, 1943. Although there had been departures from the individual maximum prices of the base period this did not occur regularly and would in the future be strictly controlled, for Gordon believed the base period held the key to success in the Board's control efforts. The Chairman's solution to these latest difficulties however, remained superficial. He claimed "there was a need for increased public education and understanding of the price ceiling, [and] ... there was a job to be done in bringing home to the consumer the fact that he is equally guilty with the seller for violating the price ceiling." 17.

More serious problems soon challenged the ceiling as in mid-1943 for the first time industry began to exploit loopholes in the legislation to obtain relief from an ever tightening squeeze between cost increases and fixed selling prices. Retailers now began to push up prices by abandonning the policy of selling brands of any commodity at varying prices. All goods were now priced at the maximum allowed for the commodity, and this occurred even at stores previously noted for discount pricing. Store operators at the same time pushed their mark-ups to the ceiling allowed by the WPTB.[18.] In response, in a personal and confidential letter to nearly two hundred leaders of manufacturing, wholesaling and retailing firms Gordon requested that products be sold beneath ceiling levels as long as overall profits remained comparable to pre-war figures. Couched in diplomatic terms this was a plea for help to save the ceiling. Little else could be done immediately, for the price freeze legislation retained enough flexibility that if all took advantage of existing loopholes the ceiling would collapse.

Gordon followed his letter with a tour, travelling to Toronto early in August to speak to a meeting of the influential Canadian Weekly Newspaper Association. He did not offer a rosy view of the immediate future. He told the editors that public confidence in a military victory had produced a decline in support for controls. The public now wanted the programme ended as quickly as possible. He bluntly informed his audience that this shift in public opinion could not have come at a worse time for the "cumulative effect of shortages of civilian supplies and raw materials, machinery and manpower is exerting more pressure now than at any time since the beginning of the war. Many people fed up with restrictions and controls are tending to let selfishness rule their judgement, forgetting that in doing so they not only weaken the drive needed for the knock-out punch to our enemies, but as well they risk losing the benefits they have achieved by their forebearance and co-operation up to the present time." 19. In response to this decline, Gordon outlined the role he saw for the press as the pressures on the ceiling mounted: "The state of public morale is largely in your keeping. If there is, as I believe, an upsurge of resentment, weariness and skepticism which tends to destroy the effectiveness of necessary controls, you must share the responsibility ... I do not mean to suggest that the press should refrain from criticism - far from it - we have plenty of situations which badly need the stimulating and cleansing force of public criticism. Nor do I fail to realize that spot news is the life-blood of an active, live newspaper. But with all that, I think sometimes that the news on the home front should not be looked at so much through peace-time spectacles, and it should be possible to get a better wartime perspective in regard to certain reports and criticisms."20.

In the heat of this defence of the rigid freeze, the Chairman replied in writing to the criticisms received months earlier from Walter Gordon. Donald Gordon blamed the WPTB's problems on poor administration of the wage ceiling and the granting of farm price increases, and then countered Walter Gordon's arguments point by point. He believed that the growing opposition to the economic controls programme came from the feeling that "the war is now really beginning to pinch", [21.] but emphasized that the Board would not backtrack or step down from the rigid ceiling promoted since December 1941. As the Chairman commented, "retreat involves concessions to particular groups and as soon as a number of important concessions were made, the pressure for new ones would become almost irresistable."

Bank of Canada Governor Graham Towers agreed in a letter to his former deputy on July 29, 1943. Towers said "W.G. has never believed it would be possible to maintain an effective price ceiling. If one assumes - as he assumes - that the effort has to be abandoned and an attempt made to salvage some portion of the policy rather than accept a complete free-for-all then certain of his suggestions probably have some merit." [22.] Neither Donald Gordon nor Graham Towers accepted

Walter Gordon's basic assumptions and nothing suggested that their opinions would change in the months ahead.

In fact the Board and the government did not compromise on the rigid freeze until decontrol returned the Canadian economy to its normal peacetime operations. By late 1943 the Board began planning for decontrol and when it talked of easing controls in early 1944 the pressure for alterations in the ceiling policy collapsed. Growing demands to quicken the pace of decontrol soon dominated public and private comment about the WPTB.

The Prices Division became less important as controls ended, but in its prime the division had an influence on almost every aspect of Board operations. In that role, it tried to balance business complaints about the freeze with the desire to show a strong face to the public. Labour remained outside the general equation except to the extent to which it had to be mollified first through cost of living bonus payments and then through collective bargaining reforms in order to diffuse mounting hostility about the equity of price control. The Division and the Board succeeded in this juggling of public and special interests. In each problem produced by the freeze the Board had to reconcile these competing pressures while still keeping the freeze intact, at least in name. The result was a jumble of alterations and adjustments that significantly altered the original concept of price control. In the end, the ceiling was saved only by the success of the Allies' military efforts and a shift to decontrol thinking among Canadians.

(i) Subsidies: A Way To Hold Down Prices

As soon as the WPTB introduced the freeze, it faced a choice between two possible means of adjusting prices. It could approve increases to allow manufacturers, distributors and retailers a return for legitimate cost increases. Any steps in this direction however, risked making a mockery of the freeze even before it had been given a chance to succeed. No increases in retail prices could be contemplated but the government could assist manufacturers caught in a squeeze through direct grants or subsidies to cover legitimate cost increase. The Board chose this procedure for all subsequent price modifications. As the war dragged on and pressure to end the relationship between prices and the basic period mounted, subsidies paid to manufacturers and retailers held the ceiling together, growing from modest beginnings to huge proportions.

The earliest use of subsidies came with imported goods. As many commodities used raw materials or components manufactured outside of Canada, margins would be squeezed when these production costs rose. If manufacturers received subsidies to lower the landed costs of imported goods then cost increases would not be passed down the distribution chain to the retailer and ultimately to the consumer. The Board Chairman announced the scheme on November 25, 1941 and brought a draft policy on imported goods to the attention of the Finance Minister shortly thereafter. Gordon explained to Ilsley that "by reason of such subsidies, the laid down cost of these goods shall be such as to permit them - or goods made from them - to sell in Canada at prices not higher than those at which identical or substantially similar goods were sold to domestic consumers during the basic period." [23] Any subsidy paid by the Commodity Prices Stabilization Corporation would match but not exceed cost increases. To inform the public the Board published a list of commodities eligible for subsidy that included consumer goods, components or constituent parts of consumer goods, raw materials and goods and finished products used in the personal trade or occupation of farmers and fishermen.

The scheme, however, could be abused. As Board employee E.J. Spence subsequently suggested, "the payment of such subsidies did in many instances remove the incentive of the buyer to bargain with his supplier in the foreign country. During the war it is probable that the vast majority of importers did, in the general national interest, do their best in this regard." [24] Despite this possibility, the Board wisely concluded that greater harm would come from not acting.

Not surprisingly, the WPTB soon began to subsidize domestic producers to prevent domestic cost increases producing price hikes. It tried to place stiff restrictions on industries receiving domestic subsidies. As an example, the shoe industry received short term assistance to cover price increases of imported leathers but support continued only until the industry rationalized and standardized its production by eliminating excessive costs through reducing the number of styles, varieties, sizes and colours of footwear. [25] When manufacturers made these adjustments the Board cancelled its footwear subsidy. However, the subsidy programme expanded to include milk, leather and coal to prevent consumer price increases. [26] Similar guidelines to those imposed for import subsidies covered the latest expansion of the programme. Relief existed primarily for essential consumer goods and their raw materials and components plus some goods used by farmers and fishermen.

Business pressure soon forced expansion of the subsidy scheme, as Gordon outline to Ilsley in early March. Under the new rules, domestic "subsidies shall be paid in respect of such goods as the Board may specify as being eligible thereof. Any goods may be so specified if producers' lawful prices are higher than those on which were based retail prices in the basic period, or the prices of any substantial number of retail outlets." 27. Subsidies would now be used to increase the supply of goods available to consumers, and not just to assist manufacturers when faced with a significant squeeze. In fact in the interest of stabilizing the cost of living index the Board would subsidize prices to below the ceiling if it thought it advisable. These changes in interpreting how subsidies would be doled out gave the WPTB great power to make it easy for business to operate under the freeze with the public footing the bill. As long as the Board interpreted its role in this field liberally, business had no need to fear being closed by price controls. However, the Board refused to subsidize goods deemed luxuries. At the same time it promised to make detailed investigations to certify the validity of production cost increases to prevent excessive subsidies. Finally as a rule subsidies would be paid only for goods produced after the start of the freeze, based upon the physical or dollar volume of sale, production or inventories or the physical or dollar volume of production materials.

To restrict the need for subsidies the CPSC could purchase, sell or retail any raw material or finished commodity to solve supply or distribution problems. In overall terms responsibility for subsidies significantly expanded the Board's influence over the domestic economy but came as a necessary supplement to the maintenance of the price freeze. Without subsidies the Board would either have to authorize price increases or businesses would close on a mass scale. Subsidies for imports and exports complemented the permits issued by the WPTB to move consumer goods, their components and raw materials to be used in their components, in and out of the country. In particular export controls worked hand in hand with subsidy provisions. As economist R.W. James explained all subsidized goods fell within these provisions to allow the WPTB to recover any domestic subsidies provided for the production of the goods. "Since the issuance of an export license was conditional on the repayment of the subsidy, there was no chance that the subsidy would accrue to the benefit of persons outside of Canada." [28.] As well export controls channelled certain goods such as food to specific markets to comply with arrangements made between the governments of Canada and the United Kingdom.

Support of food production and processing quickly became a major independent subsidy issue. Considerable debate surrounded the level of such subsidies, and who should control and pay them. Foods, like other commodities, could be split into two categories: imported and domestic. The Co-ordinator of the Foods Administration, J.G. Taggart, proposed two alternatives to the Chairman in February 1942. The Board could create an agency to import and sell foods to distributors at prices within retail ceilings, but at considerable potential cost to the government. Or, the Board could refuse all subsidy requests until importers could prove conclusively that without subsidies further imports could not occur. The second suggestion would ensure a strict subsidy policy on food imports, in line with Taggart's view that "we should be increasingly tough in resisting payment of subsidies or otherwise fostering the importation and use of things which cannot be described as necessary by fairly severe standards." 29. With food it remained difficult for the Board to determine just how far Canadians could be pressed in sacrificing the superfluous to retain continued supplies of essentials. In large part the public response would be conditioned by the nation's plight in the war. Should defeat be threatening Britain, supplies of many essential foods could be restricted without generating a significant clamour from the public. Such a programme would be increasingly difficult to maintain should it become obvious that the war would end in victory. Of course, an alternative to subsidies also existed. If minimum levels of production could not be maintained, rationing could be imposed. If under these circumstances sufficient quantities could be produced to be distributed evenly throughout the country, subsidies could be avoided. With the government's costs increasing by leaps and bounds as the war progressed rationing remained an inviting alternative to avoid additional expenditures.

For most foods however, the WPTB relied on subsidies. In a lengthy statement in the House of Commons on April 23, 1942 Ilsley outlined the programme. Cost increases for the provision of goods and services could not be completely controlled by the price ceiling, and subsidies became one weapon at the disposal of the government in the fight to maintain the freeze. Indicating that the majority of subsidies would be for imports, the Minister acknowledged that the Board paid some domestic subsidies to guarantee the adequate supply and distribution of essential commodities, but emphasized that the subsidy programme had been instituted for the benefit of the consumer. Companies did not receive additional benefits through subsidies as the scheme required each firm obtaining a subsidy to bear a portion of the increased costs. Finally he reiterated that the government and the Board had acted wherever possible to reduce or control cost increases and obviate the need for subsidies through manufacturing standardization, elimination of unnecessary production methods and simplification of production techniques and products.

Although subsidies provided an insurance policy against higher prices and hence against inflation, the government, much to Ilsley's consternation, could not precisely estimate the overall cost of the programme. Commenting on this situation the Financial Post suggested that the policy "pours large sums into the stream of public buying power when the aim of the policy should be to restrict the public's ability to buy, particularly its ability to buy things that can be done without in wartime." 30. Additionally the newspaper warned that without a strict definitial of "essentials" luxury goods would be subsidized. If producers could not manufacture at a competitive price, these goods should be withdrawn from sale.

Those fearing excessive government expenditures on subsidies received some encouragement as the Board cancelled one subsidy at the end of April 1942. A new scale of maximum milk prices plus other alterations in milk distribution practices led to the end of a milk subsidy of 40¢ per hundredweight on May 1, 1942 that had been paid since December 22, 1941. Even with this, however, by early June 1942, the government had spent over seven million dollars on subsidies, with $4.5 million of that devoted to domestic supports.[31.] Concern about these expenditures did not subside and the government remained sensitive to these complaints. At the end of July the Board modified subsidy regulations to prevent profiteering through the receipt of government funds. In future if subsidy payments plus normal profits exceeded 116 2/3% of standard profits as defined in the Excess Profits Tax Act, any recipient would have to refund the excess up to a maximum that equalled the subsidy payments received.[32.] It was hoped this would ensure the granting of subsidies only in cases of real need.

This should not be interpreted however as WPTB interest in profit controls. As a general rule the Board examined the profits of a firm before reaching a decision on subsidies. If profits remained at a satisfactory level, "no case for relief would be entertained by virtue of unsatisfactory profits in particular lines of merchandise or service, or in particular departments or companies within the organization.[33] Making decisions on an individual basis avoided relief being granted to companies that did not need it. Rightly or wrongly the level of a firm's profits did not enter Board deliberations beyond this specific instance. As E.J. Spence has noted "although the Board judged need on the basis of profits, government policy at no time contemplated profit control in the sense that it required downward price adjustments simply because the industry or firm was earning profits in excess of a particular level and at no time did the Board interest itself in any firm's level of profits except to handle a price ceiling problem raised by the firm or industry or by firms or industries related to it. The job of price control was to hold a level of prices and not to control what might be regarded as profiteering."[34]. The Board made few attempts to clarify this distinction for the Canadian people and, as a result, the role of the WPTB regarding profits remained poorly understood.

By the end of 1942 however, attention switched to the cost of living index. The rapid increase of the index would soon trigger a wage bonus payment. One bonus had been paid in October 1942, but the index showed little sign of slowing its rise. These bonuses upset inflation control plans and severely restricted the ability of the Board to maintain a retail price freeze. Wage increases led to higher production costs, and resultant demands for higher prices to allow manufacturers and producers to retain profit margins. The expansion of subsidy payments at the manufacturing level complicated this picture. Unless the rise in the index could be stopped, the payments of wage bonuses would force the government to subsidize some industries to cover this latest round of cost increases. Not surprisingly Board officials searched for an alternative. Could the index be juggled so that it would not reach the point where another wage bonus would be payable? This would avoid additional subsidy payments but would risk public outcry at the government subverting the very scheme it had introduced to guarantee that wage control would not depress workers' standards of living.

Finance Minister Ilsley presented his solution to the nation in a December 3, 1942 radio address. Noting that the increased living costs rose largely from food prices and that bonus payments protected wage earners and some salary earners but left others unprotected, Ilsley suggested an alternative. He proposed "to reduce the retail prices of a number of domestic and imported goods of wide-spread consumption by reduction of duties and taxes and by outright subsidy. The consumer will benefit to the full amount of such subsidies and remission of taxes. The producer and dealer will not be affected." 35. Gordon followed Ilsley's statement with one of his own. Appearing on national radio between the second and third periods of the Saturday night hockey broadcast on December 5, the Chairman revealed that very different subsidies would be granted for coffee, tea, oranges and milk. The government ordered specific price reductions for these commodities at the retail level. Tea and coffee prices would be reduced as individual retailers completed forms to apply for subsidy funds. Orange prices dropped immediately to reflect both lower prices for new crops arriving in Canada and the reductions that should have come a week earlier following the removal of import duties and war exchange taxes on oranges. Finally Gordon announced a two cent a quart retail subsidy for milk, noting that "distributors of milk will be paid a subsidy of two cents a quart for all fluid milk that is delivered for human consumption. The subsidy will not be payable on milk that goes into the production of any other dairy products. The subsidy is not a subsidy to the milk producer or milk distributor. It is a subsidy to you, the consumers, so that you may obtain your milk at a lower price." 36.

Government subsidy policies had undergone a major shift. In the future the price ceiling would be used to stabilize the cost of living index. As the Financial Post commented, some flexibility might as a result creep into the administration of the price freeze, and the Board might even make adjustments to ease the squeeze on certain essential goods. Now subsidies would be directly applied to goods at the retail rather than the manufacturing or processing level. The Board viewed this as a cheaper and more direct method of action but administrative problems required answers before the start of any large scale consumer subsidy system. The Post shrewdly noted the government's limited room for movement in choosing consumer subsidies. A bonus payment would have increased the income for some and increased the national level of inflation to the detriment of all, while lowering living costs would more directly benefit all in the nation. Considering the potentially disasterous effects of the former, little choice remained for the government. 37.

That did not mean that all accepted the inevitability of this course of action. Foods Co-ordinator Taggart expressed his concern about this decision, indicating that all groups in the milk production business wanted the government to inform the public that the Chairman's statement had not altered the price structure for milk. Taggart feared that the Board would face considerable public opposition when the removal of the subsidy restored prices to their old levels. In his view, the Board should therefore prepare the public for this eventual development. 38.

Initially, the Board's announcement met with a mixed response. In the first month letters expressing opposition to the programme and perhaps more significantly confusion about how the milk subsidy would operate flooded into the Finance Minister's office. Some favoured the programme, but others, largely milk producers, opposed it.

Some did not understand the workings of the scheme and others feared the government would use the subsidy as a means of ultimately lowering the price of milk by bowing to public post-war pressure and not reimposing the two cents per quart now being paid by the CPSC. 39. These protests fell on deaf ears. Under no circumstances would the government consider altering the programme once it had been announced.

Even the openness of the scheme to fraud did not produce any reconsideration. As the CPSC paid subsidies based on a certified statement of deliveries to retailers, the Board maintained some control at this level. However, considerable opportunity existed for small operators either through deliberate intent or just confusion and ignorance, to collect subsidies without lowering selling prices. The CPSC spent considerable time and effort but never possessed sufficient resources to police the system adequately. Consumer subsidies brought the index and the bonus crisis under control but by the end of the summer of 1943, the index again began to move upward leading the Financial Post to speculate about more consumer subsidies on the horizon. 40. Many thought meat would be next as price assistance here would please both consumers and producers. Clothing, fuel and housing also received consideration but the Board made no immediate decisions.

At the same time the Cabinet considered a request by Agriculture Minister Gardiner for more assistance for the dairy industry, but in a showdown with Ilsley, Gardiner lost one of the rare formal Cabinet votes conducted by the Prime Minister.[41.] The point at issue was the subsidy level and Ilsley supported Gordon's stand completely. The day before the meeting the Chairman wrote a lengthy letter to his minister arguing against increased subsidies for fluid milk and coarse grains. Gordon based his opposition on the same domino theory he utilized in discussing all aspects of the price freeze. A surrender in one area would encourage everyone else to ask for more. Furthermore, Gordon believed a subsidy increase would not solve the root problem: a shortage of feed grains and agricultural labour. Noting that to this point almost all farmer requests for increases had been granted, Gordon argued further concessions would soon imperil the whole price control structure.[42.]

Clearly his opinion, strongly supported by Ilsley, carried considerable weight with Cabinet. Gardiner lost the battle in September and the following month again tasted Cabinet defeat. This time he requested government subsidies for farmers producing hogs for export to the United Kingdom. As the Prime Minister noted in his diary, "this was another case of Gardiner trying to get more money for the farmers." After considering the matter overnight, Cabinet rejected this subsidy initiative. [43]

With debate on agricultural subsidies temporarily halted another subsidy matter disturbed the Board late in 1943. As a Research Branch memo noted, as the squeeze became increasingly severe Board subsidy decisions became life and death matters for business. Facing cost increases without any chance to obtain compensation by increasing prices, businesses closed their doors. No choice existed for firms that could not sell their products within the ceiling. Facing this growing collapse the Research Branch recommended that "we pay subsidies only in cases of demonstrated cost increases and the subsidy is applicable on an even-steven basis to the whole industry. Profit controls keep the profits down and in each case the subsidy leaves some firms in the industry still in a position of less than standard profits. The point is that the Board does not intend to subsidize inefficient producers." [44]. This provided some answer but ignored the fact that price increases did not flow merely from production inefficiencies. Although the Board caught some cases and protected businesses from bankruptcy, in practice some did suffer from the general rigidity of this Board policy.

The WPTB did not discover a permanent solution to this problem, switching attention as 1944 began to the introduction of a major series of agricultural price subsidies payable to producers, to encourage increased production. Over Board objections on February 24, 1944 the government announced subsidies on milk, butter, cheese and concentrated milk. The WPTB had frequently argued that an increase in subsidy payments would not guarantee an increase in milk supplies. Gordon believed the public linked subsidies directly to the WPTB. Thus any increase in subsidies would be blamed on the Board. He recognized that the Department of Agriculture retained the power to determine the best means for increasing production, but still believed that using subsidies for this purpose damaged the Board's credibility. [45].

Contrary to the Chairman's fears the increase slipped through without critical reaction from the media or the public. In part, talk about decontrol in the summer of 1944 deflected possible criticism of the subsidy increases. As the pace of decontrol quickened, domestic and import subsidies would have to be adjusted to meet rapidly changing conditions. In preparation the Board eased many import controls and subsidies during the summer of 1944. In future, "controls should be maintained only where essential to the success of allocation arrangements or other necessary controls and that their use for protective purposes is not consistent with announced government policy." 46. Under these new rules many import subsidies ended.

Action on exports matched the relaxation of import controls as Canadian industries began to manufacture surplus quantities of some products. In preparation for the post-war resumption of trade, the Cabinet War Committee asked the Department of Trade and Commerce, assisted by the Wartime Prices and Trade Board, to study methods to update the country's potential export capacity. A consistent policy had to be developed before goods could be released for export. By the end of the year Gordon informed Ilsley that work on the policy had been completed. [47]

The Board had already removed price controls on exports to let manufacturers obtain the going price for goods leaving the country. This could help industries facing declining profit margins while selling at the ceiling price in the domestic market. However, components of export goods and the services used in producing these exports remained subject to the domestic ceiling. Although this gave a producer a major advantage over his raw materials suppliers, the WPTB concluded it could not end the ceiling for some components but not for others. The Steel Company of Canada led the opposition to this policy. It was anxious to sell steel for exported products at prices above the ceiling. With the war almost over, the Board changed its tune. On December 12, 1944 Gordon told Ilsley that "we should be prepared to give consideration in specific cases, subject to such considerations as may appear appropriate, to permitting the supplier of goods selling the same to a manufacturer who will manufacture them into goods which he subsequently exports, to bargain for higher than domestic ceiling prices." [48] The WPTB then allowed the steel industry, some metal trades, steel casting manufacturers and some in the rubber industry to adjust their prices. This was a major step towards decontrol and the replacement of subsidies by price increases. Board officials expected a flood of applications for similar exemptions from the ceiling would follow this first move.

With the export and import situation under control, agriculture continued to frustrate subsidy planners throughout 1944. Ilsley held his ground despite constant attacks from Gardiner, who continually demanded increased subsidies. King noted in his diary after one Gardiner challenge that the Finance Minister "almost broke down in his effort to prevent this extra burden on the Treasury, particularly as it is contrary to the understanding made with Gardiner last year when a subsidy was granted on something else, and it was said at the time that it was not to bring forth what is now happening." [49.] For Ilsley, decontrol would produce just as much strain and pressure as he had experienced when the freeze was introduced.

On other fronts WPTB successes tempered the continuing difficulties with Gardiner. The consumer subsidy programme had lowered the cost of living index giving the Board a breathing spell in which to formulate new policies for the changing times. By late 1944 officials questioned the value of continuing with some consumer subsidies. On October 5 the WPTB agreed to cancel subsidies on oranges, effective November 16, 1944 but a shortage due to storm damage in Florida delayed the cancellation of the subsidy until early 1945.[50]

Milk subsidies next came under Board scrutiny. Costing $25 million per year, the most expensive of the Board's domestic subsidies had been hampered from the beginning by administrative difficulties with producers, consumers and provincial milk boards. With no changes in the cost of living or price rises on the horizon, the WPTB wanted to cancel milk subsidies at the end of 1944. Only political considerations stood in the way.

Not all WPTB staff agreed. The director of the Board's Research Branch, J. Douglas Gibson, opposed the plan to lift the subsidy. He argued that less leeway existed in the cost of living index than an initial glance at the figures might suggest. Furthermore he wanted the Board to use any breathing spell to begin to untangle the whole complicated mess surrounding subsidies, rather than just eliminating this one programme. Gibson's third concern matched the thinking of government politicians. The removal of the ceiling would not prove popular with Canadians. With a federal election rapidly approaching, an increase in milk prices affecting all in the country could only damage the government's standing with the public. [51]

The WPTB, the CPSC and Department of Finance officials met on December 30, 1944 to consider the issue. After listening patiently to all arguments, Ilsley concluded that the government would continue to pay subsidies for milk. He did not propose a definite date for lifting or even planning to lift support payments. Despite his economic and administrative arguments, Gordon found his scheme sacrificed to political considerations. With the Liberals emphasizing the promise of the future in the months leading to the election, increasing milk prices could only hurt their chances at the polls. [52]

Not until June 1945, following the Liberals' re-election, did the Chairman again raise the matter with the Finance Minister. Ilsley had earlier requested that the subsidy be reconsidered "at a later stage in the war but prior to the stage at which employment commenced to fall sharply and income be reduced." [53] Gordon now noted that with the first family allowance payments set for July, any possible increase in the cost of living index arising from removal of the subsidy would be offset. The Chairman achieved little with this request for reconsideration, for the government still did not consider the time right for repeal.

This decision came despite continuing pressures on the government to cut subsidy expenditures. In March 1945 the Financial Post had totalled the cost of wartime subsidies, claiming that to the end of 1944 almost $200 million had been split evenly between domestic and import assistance. Milk and crude oil remained by far the most heavily subsidized commodities in each category, with each accounting for over a third of total subsidy payments. A week later the Post published a chart detailing expenditures from December 1, 1941 to the end of 1944 on each domestic and imported commodity.[54] As some had predicted at the start of the price freeze the Board's financial involvement with subsidies had reached mammoth proportions. However, the alternatives, had the Board not subsidized at both the producer and consumer levels, might have been cost increases and more catastrophic and disruptive dislocations in the economy. Then either the freeze would have been relaxed or firms would have closed their doors.

In July the Board granted some moderate price increases to reduce subsidy costs and began a phased return to the free market system. With the end of the war import subsidies quickly declined as shipping conditions improved, companies cancelled war risk insurance and cheaper raw materials arrived from sources unavailable during the height of the war. By the end of the year petroleum subsidies had been completely removed except on the prairies and other subsidies also ended as conditions improved. 55.

Import policies, particularly related to goods from Britain, experienced major revisions soon after the war ended. Early in 1945 the Financial Post mentioned possible subsidy changes affecting British imports 56 of non-essential goods withheld from the Canadian market. Higher price levels in Britain prevented the sale of these imported goods in Canada under the ceiling. To address these problems in late August 1945 the Departments of Finance and Reconstruction eliminated individual ceilings and established subsidy differentials for goods from different countries. Imported goods would be sold at the established ceiling prices or could be priced at the prevailing price level in the Canadian market of goods of comparative quality. Finally the WPTB continued to authorize subsidies for essential goods when announced price fixing alterations did not completely bring imported costs into line. [57] Further changes required action by British authorities to allocate specific goods to market areas and to ensure that export prices reflected the lowest possible production costs.

This policy served as a stop-gap until the Board developed a reconversion pricing policy for imported goods. Gordon circulated the comprehensive plan to Ilsley and to the recently appointed Deputy Minister of Trade and Commerce, former Board Deputy Chairman Max W. Mackenzie. It countered growing suggestions that the price ceiling barred foreign goods from Canadian markets and at the same time indicated the government's interest in promoting post-war trade. It also eliminated subsidies on many goods. In future, "on imports from the United Kingdom, from other countries in the sterling area and from other countries to which Canada is advancing export credits, prices be set on the basis of laid-down cost in Canada plus a pre-determined mark-up to obtain the maximum retail selling price." [58] Although this established a differential trading scheme for the United States than for other countries, some basis existed for such a policy. Costs of production in the United States remained close to those in Canada, allowing the Canadian ceiling price to be applied. If the Board applied cost-plus pricing for goods coming from the United States, Canadian manufacturers would soon demand similar treatment. The Board approved this new programme on January 3, 1946 as part of a general package of changes to price control policies. 59.

A letter to Ilsley outlined other changes in subsidy regulations. In the next step in the general withdrawal from subsidies, the WPTB published a specific list of commodities still eligible for subsidy. It included basic foods, clothing and fuel, excluding virtually everything else from subsidy. In a January 1946 statement on import subsidies Ilsley announced that "subsidies should be cancelled wherever feasible provided that such action does not result in an immediate material rise in the cost of living." 60. This statement referred primarily to the few remaining domestic subsidies: wheat, milk, butter, cotton, textiles and a few farm supplies. The Board would end these payments as conditions became appropriate, but in January the Board did not specify a final date for action. 61.

In February, administrative problems with the milk subsidy forced Gordon to ask again that it be lifted. Obvious difficulties existed with the payment of the subsidy for "not only must it be paid to thousands upon thousands of producers and distributors; it is a matter of constant hazard and concern as to just who is eligible and for how much. This is because it is impossible for the Government to tell in hundreds upon hundreds of cases, just who is a producer and who is a distributor." 62. Gordon prepared a detailed memo to the Finance Minister outlining the problems and concluding that the subsidy had outlived its usefulness. It had never been planned as a permanent device to roll back milk prices. The Minister had been convinced and on June 1, 1946 the government withdrew the milk subsidy. 63.

By mid-1946 the Board decided it could gradually eliminate all remaining subsidies to match the removal of price controls. During the war subsidies had become a costly method of assisting industries, distributors, retailers and consumers to live within the confines of the price ceiling. Without the broad subsidization programme there is little doubt that the ceiling could not have been held. Even so, the Board maintained some subsidies longer than seemed necessary, particularly in the case of milk. In manipulating the withdrawal of the milk subsidy in this way the Liberals bowed to political pressure. Their re-election held priority over any lingering economic dislocation produced by an unnecessary extentions of subsidy payments.

With this exception however the subsidy programme remained free of extensive political interference and involvement. Given great powers over the life and death of many businesses, Board administrators dealt fairly with the many subsidy requests. Within this, some injustices did take place as the WPTB frequently ensured that large firms, but not necessarily small ones, received support from subsidies. The Board preferred to err in this fashion for these large firms would be called upon to play a major role in rebuilding the economy after the war. Gordon and the government believed it would serve no useful purpose for them to be forced into closing their doors during the conflict.

Criticism of the subsidy programme might be levelled at the number of businesses and industries that received support. Certainly the base period retail price became increasingly irrelevant to contemporary economic as the months passed. In response the WPTB interpreted eligibility for subsidies with a more liberal eye. As the costs to the federal treasury mounted some viewed the extent of the subsidy bill with growing scepticism. For the WPTB and the government, however, this was merely the price that had to be paid to preserve the nation's business community for a post-war revival.

Subsidies became a prime method of ensuring that the ceiling would be held and that business would survive the restrictions of the war economy. The government also used subsidies to manipulate the official cost of living index, creating the impression of controlling inflation while preventing the payment of cost of living bonuses to the nation's workers. By stopping cost of living bonuses, the government limited the ability of manufacturers to call for price increases to compensate for rising costs. That, in turn, removed some of the pressure on the ceiling.

(ii) Wage Controls and the Cost of Living Index

The success of price control rested upon public perceptions. If Canadians did not believe in the effectiveness of the freeze, little incentive existed either to support the policy or to endure increasing hardships as supplies of goods and materials diminished in response to increasing demands from munitions producers. In this battle to win the confidence of Canadians the official cost of living index, prepared monthly by the Dominion Bureau of Statistics, played a dominant role. For example, the dramatic increases of this index in the first half of 1941 had led to the retail price freeze. Changes in the index would push the government to further policy changes on price control during the remainder of the war. However, in the first days of the freeze Gordon cautioned Ilsley not to pay too much attention to initial movements in the index. Pointing out that it levelled out in January 1942, shortly after the imposition of the freeze, Gordon suggested that "at best the situation is encouraging. There are bound to be seasonal fluctuations, up as well as down, because as any housekeeper knows, living costs vary from season to season. It is the overall price level for the year that we are trying to stabilize. My guess would be that higher winter living costs will be reflected in the cost of living index for the remainder of the winter months." 64.

Wage controls remained intertwined with living costs as any scheme of price control depended upon the successful control of wages. The index directly reflected wage rates as higher wages led to higher prices for goods and services. Government officials recognized this relationship and when introducing rigid price control in December 1941 they also restricted wage increases. Wage rates would be frozen but as the official cost of living index rose, workers would be eligible for wage bonus payments. As E.J. Spence suggested, the bonus provided "a sort of insurance and compensation for [labour] having its right to bargain for higher wages set aside, an automatic increase in incomes when it could be shown that the actual cost of living had risen appreciably." 65. These bonuses would maintain the 1941 relationship between prices and wages and hopefully would forestall labour calls for regular wage hikes. Such demands would produce strikes and halts in the production of desperately needed war munitions and consumer goods.

The Board soon found the same difficulties with wage controls and the stabilization of the cost of living index that it faced with price controls., Initially the Board acted indirectly in wage control, as regulation fell to the Department of Labour but the relationship between the control of wages and the maintenance of the retail price ceiling forced the Wartime Prices and Trade Board into increasing involvement with the situation. For similar reasons the Board took an active interest in all matters surrounding the cost of living index for the public viewed the index as an indicator of the Board's success. People quickly translated cost of living increases into Board failures to control prices even though many legitimate reasons beyond the authority of the WPTB existed for index increases.

Canadians initially accepted experiments with wage control but after the first few months doubts and skepticism about the need for it and the accuracy of the cost of living index surfaced. The Board had successfully built upon the initial support for the price ceiling but with limited control and jurisdiction in these other two areas the WPTB could do little to halt the dissipation of support for wage control and the index. Other government agencies did not share the Board's belief that the success of price and related controls centred on publicity and public perceptions rather than real events.

As prices rose in the summer of 1942 questions about the cost of living index increased. Retailers sorting out the intricacies of various ceiling orders and the Board replacing individual ceilings set by individual retailers with standard maximum prices for commodities produced these price fluctuations. The Financial Post suggested three possible sources of error in the index. The paper believed storekeepers avoided reporting all price changes for fear of being fined for violations. As well even without price adjustments quality deterioration in goods for sale was equivalent to index increases. Finally, supply shortages hit bargain sales in low priced stores forcing consumers to adjust their purchasing habits. 66. Solid evidence existed for the complaints that the cost of living had increased, for by July 1, 1942 the official index was up 2.4 points from the previous October. Of that, 1.2 points came in the month of June alone. A detailed examination of the component indicies pointed to the sources of the increase: 67.

1942	Food	Fuel	Rent
February	123.1	112.9	111.2
March	123.7	112.9	111.2
April	123.7	112.9	111.2
May	124.3	112.9	111.3
June	126.2	112.3	111.3
July	130.3	112.5	111.3

	Clothing	Home Furn. & Services	Misc.	Total
February	119.8	118.0	107.1	115.7
March	119.8	118.0	107.1	115.9
April	119.8	118.1	107.1	115.9
May	119.9	118.0	107.1	116.1
June	119.9	117.9	107.1	116.7
July	120.0	117.9	107.1	117.9

In response the government authorized a cost of living wage bonus payment. A press release from the Board pointed to food prices, particularly beef and potatoes, as the source of the rise in the index. Relief could not be expected until autumn when more produce reached the market. However the payment of a cost of living bonus on August 15 greatly disturbed the Board. Gordon bravely predicted that the rise in the index would be just temporary, calling for a return to October 1941 levels by October 1942.[68] Even if this proved correct the Board saw major problems with wage controls and the index on the horizon. The WPTB Director of Information pinpointed one of these in stating "our greatest difficulty in approaching labour lies in the fact that there has been practically no attempt made to educate labour on wage control." [69] As a result few workers understood the need for and basis of wage control. Until the WPTB exerted greater influence over the wage stabilization programme, however, its officials could only respond to labour complaints with the weak comment that this "is a matter which comes under another department of government." For labour this was no answer at all.

In October Donald Gordon discovered the folly of his predictions. Cost of living figures showed no signs of levelling off and by the start of 1943 the index could be 1.5 points above July 1942 figures. Such an increase placed the price control programme in jeopardy as it would certainly trigger another bonus payment. The breakdown of the various indicies again pointed a finger at food prices: [70]

1942	Food	Fuel	Rent
July	130.3	112.5	111.3
August	129.6	112.5	111.3
September	128.5	112.5	111.3
October	129.8	112.8	111.3
November	132.4	112.8	111.3
December	132.8	112.8	111.3

1942	Clothing	Home Furn. & Services	Misc.	Total
July	120.0	117.9	107.1	117.9
August	120.1	117.8	107.1	117.7
September	120.1	117.8	107.1	117.4
October	120.1	117.8	107.1	117.8
November	120.1	117.8	107.1	118.6
December	120.2	117.8	107.2	118.8

Gordon proposed drastic measures to the Finance Minister, offering to resign as his policies had failed. He also called for changes to cost of living index calculations to solve some of the government's problems. The payment of additional subsidies could lower the price of some selected commodities in the index but would be increasingly expensive. Alternatively wage bonus payments might be adjusted to be paid only with a five point increase in the index. As well some relief might be found through altering the War Exchange Tax, tariffs and bringing the Canadian dollar to par with American currency. One thought dominated the Chairman's mind: "we must prevent the increase [in the index] which is threatened between now and January 1st." 71. Drastic action could also demonstrate the extent of the threat posed to the whole price control programme. Such a shock might bring other departments of government, most particularly Agriculture to their senses and force them into necessary concessions to make the freeze work.

Public concern about living costs and the index led to a lengthy article in the Financial Post at the end of November. Suggesting that indirect living cost increases had come from quality deterioration arising from the Board's standardization and simplification efforts, the Post stated "that most Canadians are actually enjoying a considerably higher standard of living in 1942 than in 1941 and that this is what they are confusing with an increase in prices." 72. Some evidence supported this conclusion. Workers earned more money and families experienced a large growth in disposable income as wives worked to fill manpower shortages left as men went overseas. As a result consumers set their sights higher. Rather than purchasing the cheapest line of a product, they chose a more expensive line that they now found within their economic grasp. Cheaper lines may not have disappeared but consumers' preferences now led them to higher priced models of the goods in question. As a result many buyers concluded that the price had been increased. Under such circumstances it became very difficult to convince the public that no price rises had occurred. No matter how the WPTB countered these perceptual difficulties, the main problem still remained.

Each legitimate rise in the index led to the payment of a substantial cost of living bonus. This simply could not be allowed to continue.

Fortunately the Finance Minister recognized the seriousness of the situation and adopted the Board's first suggestion. Announcing that the CPSC would pay consumer subsidies to lower the cost of specific commodities, Ilsley moved the Board and price control policy into the field of stabilizing the cost of living index. Donald Gordon's announcement extending subsidies at the retail level to tea, coffee, oranges and milk clarified the route chosen by the government and provided the Board with a breathing spell during which to consider its next move in halting the increase in the index before yet another bonus would be payable.

In the meantime activities on the wage front gathered momentum, as steel workers demanded an increase in their basic pay. The government faced a very difficult situation. A rapid escalation in wages would tow prices along as well, but alternatively maintaining a hard line could produce an illegal strike, crippling Canada's production at a crucial time in the war. With the defeat of the German forces in Africa and Soviet forces halting

German drives into the Soviet Union, the Allies had started to turn the corner in the European war. Interruptions in Canadian production could hurt Allied fortunes and therefore, not surprisingly, the steel situation produced a major controversy within the federal Cabinet at the start of 1943.

Finance Minister Ilsley believed the government should rigidly adhere to the wage freeze. There could be no thought of backing down, for as Donald Gordon had outlined on many occasions, even a partial weakening could open the flood gates. This view conflicted with the Prime Minister who backed labour in suggesting in his diary that the wages of some of the men in the steel industry should be raised. The extent to which Cabinet sided with Ilsley surprised King who, at least superficially, still supported the workers in Cabinet. Nothing would alter Ilsley's opinion. He would not yield an inch to loosen the rigid price freeze.

King's private attitudes differed completely from his public views as he demonstrated in a joint Cabinet-labour meeting on January 18, 1943. The Prime Minister recounted the government's price and wage stabilization programmes, outlined the effects of the controls on cost of living increases and stated that any alterations in any of these programmes that limited their effectiveness would likely produce "agitation in the country". 73. Adopting this theme Ilsley argued in Cabinet that existing injustices at the time of the wage freeze in late 1941 would have to remain throughout the war as any tampering with the ceiling policy jeopardized the future of wage controls.

Perhaps Ilsley's ferocity in defending wage controls and the stabilization programme stemmed from the success achieved with the subsidy of specific commodities instituted in December. Bananas and to a limited degree butter later joined coffee, tea, milk and oranges as the foods receiving consumer subsidies. The WPTB found the initial results of the venture highly satisfactory. The index fell 1.7 points in December and by the end of January 1943 had dropped 1.8 points below the level of the previous July. The food component of the index in the first months of 1943 directly reflected the effects of the consumer subsidy: 74.

1942-3	Food	Fuel	Rent
November	132.4	112.8	111.3
December	132.8	112.8	111.3
January	127.3	112.8	111.3
February	126.7	112.7	111.3
March	127.7	112.7	111.3

1942-3	Clothing	Home Furn. & Services	Misc.	Total
November	120.1	117.8	107.1	118.6
December	120.2	117.8	107.2	118.8
January	120.2	117.8	107.5	117.1
February	120.1	117.8	107.5	116.9
March	120.1	117.8	107.5	117.2

Success had been achieved in delaying the payment of a cost of living bonus to the nation's workers. The optimism springing from this success led the Financial Post to predict that the index might remain stable until July 1943. 75. The Board Chairman shared these views as Gordon informed Ilsley that "the objectives originally set forth have been achieved to a remarkable degree", but he still remained only cautiously optimistic as "the circumstances which led up to the adoption of this policy are likely to recur as pressures continue to have their effect on the ceiling." 76.

Despite encouraging results on this front Ilsley lost his fight to prevent a wage increase in the steel settlement. The government met union demands for a 55 cent per hour minimum wage and settled the strike involving 11,660 workers on February 1, 1943 after a two and a half week shutdown. In striking, the union had ignored the findings of the regional war labour board but the settlement gave them a double barrelled victory.

As well as receiving a wage increase, the government appointed a Royal Commission to consider the dispute and the whole question of wage levels in wartime. 77.

Some viewed the settlement as signing the death warrant for wage and price ceiling policies. Not surprisingly the Financial Post, the voice of the nation's business interests, decried the government's settlement. Solidly behind a rigid price ceiling policy, the Post feared the agreement would produce mounting inflationary pressure and the paper's editors squarely blamed the government for surrendering to worker demands. They noted "that there have been inequalities in the wage stabilization policy and in the ceiling policy as it has been administered in the past 18 months. On the other hand, events of recent weeks suggest that there is little apparent realization of the danger and pitfalls which would almost certainly befall this country if the whole policy were to be abandoned. Clearly the prime responsibility rests with the government. It must stiffen its resistance to a trend which has been fast developing into one of concession making only or it will soon find its position untenable." 78.

Opposing the Post were those who suggested that some inflation would be good for the nation and that the payment of higher wages now would lead to an improved post-war economy. These views ran completely counter to those of Gordon and Ilsley.

The Finance Minister fought to keep the stabilization programme intact, bluntly informing the House of Commons that "each pressure group believes, probably sincerely, that it has a right to get what it is asking for, and says: Surely this little bit will not cause inflation; that is only a bogey you are conjuring up to scare people. But the trouble is ... that one little concession leads invariably to a series of others. That is the way the inflationary spiral begins and once it gets started its momentum increases ... The future of Canada is going to depend in a large degree upon whether our pressure groups have sufficient intelligence and foresight to restrain the exercise of their special bargaining power in a war-time emergency." 79.

Ilsley presented a brave front to the country while his officials prepared to meet growing problems. A memo to the Department of Finance from the WPTB illustrated the stark difference between the public illusion and the practical reality, stating that "the pressures on the price ceiling are rising steadily and are becoming so great as to threaten the success of the whole anti-inflation policy ... rising costs of farm products do not bring out the steady increase of other pressures on the ceiling, among the most important of which are rising labour costs, increased costs of imports, higher transportation costs and the existence of a large volume of excess buying power ... The source of danger is that they have been and are increasing while at the same time the ability of business to absorb such added pressures has been and is decreasing." [80] The country had reached the point of maximum utilization of manpower and resources, which led to inflation only barely held in check by the Board. From this point in time the success of price control would depend on the ability of the government to convince the public to restrain its demands. Even success here, however, would only solve part of the problem. As the same memo to the Department of Finance noted, "the success of the anti-inflation policy depends in very large measure on Government policies wholly or partly outside of the Board's jurisdiction, and especially on wage and manpower controls, on agricultural policies and taxation and borrowing programmes."

With the wage ceiling in doubt and the cost of living index subject to fiddling to forestall another bonus payment, the Board had resorted to desperate steps to support a scheme that had outgrown its original structure. The future would contain more of the same as the Board's main weapon became the skilful use of advertising, press releases and opinion polls to influence public opinion.

For the Board the main concern remained the wage ceiling. As had been predicted earlier, Department of Labour personnel failed to halt the increases or to educate workers about the threat posed by wage boosts for the economic stabilization programme. The rising wage levels of mid-1943 originated in a growing scarcity of manpower, higher wage rates in war industries, considerable overtime work, and an increase in the number of wage earners per family, but not all the blame could be laid at the doors of the workers or the structural rigidities of the wartime economy. The government deserved some of the criticism as it set wage rates for munitions industries and thus took responsibility for rising pay scales. Conflicts between the National War Labour Board and the various regional boards also produced confusion. The latter groups frequently took matters into their own hands and rendered unco-ordinated and, on occasion, questionable decisions. Additionally federal invasion of provincial jurisdiction over wage rates caused some concern and raised constitutional questions. Finally, pressure grew for an upward adjustment in Canadian wage rates in response to the generally higher wages paid in the United States, and paid by Canadian sub-contractors for American munitions manufacturers in Canada. Here, as well, the federal government exerted some influence.

A report prepared by the WPTB followed the lead of several internal studies in suggesting as one all encompassing reason for wage control difficulties that "it has never been adequately explained to the public and has been in general unpopular with organized labour which believes (a) that it is bad in principle, and (b) that there is no great difficulty in evading it." 81.

Wage control, the cost of living index and bonus payments could all be bound together, each of critical importance to the success of the other. As problems continued the Chairman returned to a suggestion first made the previous December. He told Ilsley that "the present system of adjusting the bonus quarterly whenever the index moves one point upwards or downwards from the last adjustment date provides quite insufficient leeway in the carrying out of the Government's price policy and has a tendency to direct undue attention to small and sometimes seasonal changes in living costs." [82.] To solve this, bonus payments should be triggered by a move in the index of five points, not just one. In reply, the Minister of Labour wisely pointed out the total impracticality of the suggestion. Perhaps it could be raised to a gap of 2.5 points but five points would be out of the question. [83.] Surely Gordon must have seen the folly of such a proposal and the impossibility of winning labour backing for such a plan. Many workers only dimly understood the price control - wage control programme. This change would throw the whole scheme into total confusion.

Explanations could be found for the reactionary suggestions of the Chairman. From all sides comments flooded into his office suggesting that success or failure of the whole government stabilization programme rested on the wage policy. A memo from Board economist H.R. Kemp differed little from other comments Gordon received. Kemp emphatically stated "unless we can have a stiffening of wage control policy, a more vigorous and successful effort to sell it to the public, more effective enforcement, and/or more effective recapture of increased money earnings through taxes, social insurance premiums and loans, there is danger of a serious deterioration of the price control position within the next six months." [84] The Department of Labour's refusal to take a strong stand on wage controls was not the only difficulty that confronted the Board. On the other side, the Dominion Bureau of Statistics "has felt no obligation to defend or explain the index." [85] Despite the publication of a Board pamphlet outlining the operation of the index, skepticism among the public about the degree to which it should be believed remained at high levels. With the wage bonus tied to the index, it dominated public attention. Its accuracy absorbed considerable time and debate but Board officials could only suggest greater educational and informational efforts to counter the skepticism. The Information Branch suggested the Chairman prepare specific speeches for both labour and the farm community on how the index worked and recommended that an American statistical authority be found to comment on the validity of the index. [86] This skepticism reached the most senior levels of the Board as Donald Gordon chastized E.J. Spence and Douglas Dewar late in June 1943 for suggesting that the Board should launch an independent

check on the index's validity. The news of a Board inquiry into the index's calculations would increase labour and Opposition suspicions, he said. The Chairman contended that "there is no reason at all why we should not assume that the statistics are accurate since they are collected by an independent and authoritative body, namely, the Dominion Bureau of Statistics." [87]
It remained for the Financial Post to indicate the root problem, suggesting that the difficulty lay in the lack of co-ordination between price control and wage control officials. [88]

Had wage control been initially tackled with an enthusiasm that matched price control efforts these co-ordination difficulties might never have arisen. Gordon emphasized this point as the crisis continued to mount in the spring of 1943. He believed his Board had worked quite well but could not offer the same endorsement of the National War Labour Board.

Appearing before the NWLB in late May 1943, Gordon opposed any further wage increases, claiming they would only weaken the price ceiling. His comments were blunt and his intention crystal clear as he noted "it is not for the Wartime Prices and Trade Board to say that maintenance of the price ceiling is more important than allowing increased wage rates or, for that matter, increased farm prices. But it is the duty of the Board to point out that such increases will in all cases weaken the price ceiling and if carried too far will destroy it. The people of Canada will have to decide which they want more." 89. Gordon followed his appearance with a letter to Mr. Justice C.P. McTague of the NWLB objecting to his comments on the detrimental effects of the WPTB's subsidy programme made at a Board hearing. Gordon replied that "the full benefit of the subsidy goes to the consumer", and noted that the cost of these subsidies fell on all Canadians based on their ability to pay. He then appealed to the NWLB to oppose widespread wage increases for, as he stated, "I am convinced personally that the price ceiling can be held only if costs of production are stabilized." 90.

The Chairman aimed this broadside at the NWLB hearings on the future course of the government's wage policy. In the spring and summer of 1943 rumours circulated that the NWLB favoured loosening the wage policy by allowing free collective bargaining to a certain wage level. Under such conditions, Gordon correctly perceived a threat to his price freeze. An innovative solution emerged to counter this threat and it became the basis for a restructuring of Liberal Party policy, and a key element in the platform for an election still almost two years in the future. Appearing first as a suggestion in need of further consideration, the Cabinet War Committee minutes on June 23, 1943 stated "that as a means of meeting the real needs of all persons with low incomes who have children, consideration has to be given to introduction of a system of children's allowances as an alternative to wage increases. Such a scheme, which might cost in the neighbourhood of $175 million a year, would remove a fundamental cause of the agitation against the wage ceiling." 91.

The scheme had its origin in a meeting between Mr. Justice McTague and Norman Robertson, Undersecretary of State for External Affairs and a frequent advisor on general policy to the government. McTague revealed his proposal to free wage rates below 50 cents per hour and a surprised Robertson immediately recognized the pressure such a move would place on the price ceiling by forcing higher paid workers to demand increases to restore traditional relationships between skilled and unskilled workers. In a memo to the Prime Minister Robertson then proposed family allowances as an alternative to McTague's plan. Noting that such a scheme might be inevitable, Robertson suggested that allowances alone would not "meet the demand for social justice which is an important element in the popular support given labour and trade union representatives." [92]. With a keen eye to the political as well as the economic difficulties facing the government, Robertson made a comprehensive proposal to the Prime Minister, noting "I think there is an opportunity now, rising out of McTague's general inquest into labour conditions, for the Government to put forward a balanced labour policy, coupling a system of family allowances with the promulgation of a national labour charter defining the rights and status of workers and their organizations under the enabling powers of the War Measures Act, under which the Dominion could exercise comprehensive jurisdiction in this field."

For the short term, family allowances might produce the desired results as more money could be put into the hands of Canadians without endangering the price ceiling by granting wage increases. There would be none of the mounting overhead that faced manufacturers paying a cost of living wage bonus and thus there would be no need to raise prices. However the suggestion met with a decidedly cool Cabinet reaction, with the Committee only agreeing to give further study to the proposal.

Among the influential civil service policy advisors, the children's allowance scheme met with mixed support. Graham Towers pinned the need for the plan upon the recommendations of the NWLB on the future of the wage stabilization programme. With incomes at a high level and supplies of consumer goods restricted, some doubted the ability of families to spend this additional income. If they merely rolled the allowances back to the government by purchasing war victory bonds, all Cabinet members could probably back the plan. As well if the NWLB recommended the government remove all controls from wage rates below 50 cents per hour, a family allowance scheme might be a preferable alternative. Immediate introduction of a programme under these circumstances might forestall support for opening wage rates below a certain level and thus save the ceiling. 93. A Bank of Canada memorandum highlighted a further political reason for the introduction of allowances, claiming that "institution of children's allowances would not only meet directly the legitimate causes of present discontent, but would tend to promote confidence in the future and thus raise morale and productive efficiency." 94. As the summer of political discontent unfolded for the Liberals in 1943 they surely must have been mindful of this advice in the face of four by-election defeats and decimation in the Ontario provincial election.

Not surprisingly, the government asked the Economic Advisory Committee to comment on the scheme. In a rather rare turn of events, the EAC expressed no unanimous opinion on family allowances, or on freeing wage rates below a certain level. 95. Neither the EAC nor the government could agree on a common course of action. However a few days of reflection changed EAC views and on July 9, 1943 the Committee recommended to the War Committee of the Cabinet no relaxation of wage rates. The EAC suggested that "the Committee would like to be able to recommend that wage rates below 50 cents an hour should be raised. After careful study of the matter however, it believes that this cannot be done without destroying the price ceiling policy." 96. The EAC agreed with Donald Gordon's suggestion that a wage spiral increasing prices and wrecking the ceiling policy would result from any relaxation of wage controls. Such advice however did not remove the problem facing the government with the McTague-NWLB report and the continuing pressures for alterations in the wage structure.

As the summer drew to an end, pressure for wage increases intensified. The results of the Ontario election indicated to federal Liberals the public's disenchantment with controls. Some softening of the government's position might be required to halt the growth of public hostility to controls, but considerable support still existed for Gordon's view that any policy changes would merely guarantee the government's inability to resist further demands for change.

This view triumphed but the toughest test was yet to come. In August, McTague completed his special report on the future of the wage ceiling. He favoured replacement of the cost of living bonus by changes in the general wage structure for Canadian workers to authorize increases for those suffering from depressed wages. He also supported a system of family allowances to give money to some at lower levels of the income hierarchy without further jeopardizing the overall wage ceiling. He proposed this as an alternative to removing the freeze for substandard wages.

Headlines such as that in the August 21, 1943 Financial Post proclaiming "McTague Report May Topple Price Ceilings" did little to help the WRTB's cause. As the article noted, if the McTague report unanimously recommended a general upward adjustment of wages, it would be almost impossible for the government to ignore it, no matter what the consequence might be for the ceiling. If the government chose to implement such recommendations, however, it would first have to surmount the total opposition of Donald Gordon. Any relaxation of the wage ceiling met adamant opposition from Towers and Clark as well but the alternative of family allowances still left the WPTB Chairman with serious reservations.

It must not be forgotten that as time passed fewer and fewer people supported Gordon's stand. Although talk did not centre on elimination of the ceiling, in the autumn of 1943 pressure mounted within and outside the WPTB for a complete re-evaluation of the whole controls effort. Grant Dexter drew the attention of his Winnipeg editors to this crisis, telling them "a revolt has grown up among Gordon's controllers who pretty much agree that the price ceiling has failed and cannot longer be maintained and who favour a controlled inflation as against rigidity. They argue that unless the ceiling is abandoned it will collapse and the price situation get quite out of hand." 97.

This threat repeated the challenge thrown at Hector McKinnon in the first days of the freeze. Perhaps an upwards adjustment of everything would not be such a bad thing. The ceiling would not be abandoned; all prices would merely be raised to a more realistic level that reflected current conditions. A freeze could then again capture and retain public support. As in November 1941 Gordon repulsed the attack but resentment simmered among some Board officials throughout the autumn of 1943.

Could the ceiling be held even if the government accepted McTague's recommendations? The likelihood of acceptance increased greatly at the end of August as C.D. Howe indicated to King his support for McTague's recommendations. In a brief memo Dexter outlined the full scope of the McTague report. Wages under 50 cents would be completely open to collective bargaining while those over that figure would remain frozen. The cost of living bonus would be incorporated into wages. Strikes would be outlawed for the duration of the war, replaced by conciliation and compulsory collective bargaining. Finally labour would be granted direct representation on certain administrative bodies. Dexter suggested that McTague believed wage increases could be offset by higher prices. Ilsley and the Finance Department wizards completely rejected this argument but they would have to convince the Prime Minister. An almost impossible task lay ahead of Ilsley and his men for, as Dexter noted, "King, all agree, will be for it and will insist on action. As someone put it, King feels he has lost labour --- his lifelong sweetheart, the ladder on which he mounted to fame. He's going to win her back - dash hang it." 98. In a strangely ironic twist the wage control and economic stabilization policies hinged on the Prime Minister's memories from his writings in Industry and Humanity. 99. This thought undoubtedly caused nightmares for Ilsley, Clark, Towers and Gordon. With controls under mounting attack, within and outside the government, King's stand on the McTague Report distressed the Finance Department to the point that officials had difficulty distinguishing which caused greater anguish: the report itself or the likely response of the Prime Minister. The existence of two reports merely added confusion to the matter. Mr. Justice McTague prepared the official report but a member of the commission, J.L. Cohen, issued a minority report, moving further than McTague in pushing for major changes and challenging the generally accepted conclusions about the inflationary impact of wage increases. Gordon responded predictably to the minority report, commenting that Cohen's argument might be paraphrased as "give labour all the wages they demand. But in doing so you must retain the purchasing value of money in terms of goods. This can easily be done through taxation and savings or through price control and rationing. He bolsters this statement by contending that Canada is now a controlled market in regard to production and distribution with 'purchasing power completely cancelled out as a price factor.' Such a view is completely unrealistic... His suggestion that no control need be exercised on wages in war industries or related industries is absurd. He must know that wage increases could not be so confined even if a rigid definition of war work could be made." [100] The Chairman challenged the assumption of both reports that wages under 50 cents per hour were by definition substandard. In the midst of a battle to hold the controls programme, Gordon refused to be a party to such a sweeping condemnation of national wage rates. Such an admission would have a seriously detrimental psychological impact on the nation and the wage ceiling would subsequently have been impossible to hold.

Even with the unalterable opposition of the Chairman and other senior government officials the Research Branch of the Board contemplated a relaxation of the freeze. The summary of a meeting on price policy illustrated the conflicts within the WPTB, commenting that the "trend of thinking with respect to price control is to abandon the basic period concept in order to make price regulations more enforcable. The basic period is too remote now for adequate comparison with present prices. The retail administration generally opposes this approach because it would involve a general increase in prices. It also tended to give the large distributors a larger gross margin than the smaller distributors." 101.

Despite that argument little support for the rigid freeze remained in the autumn of 1943. Business groups joined the general public in suggesting that too many restrictions had been placed on the economy. Even Mackenzie King expressed doubts about controls although only his caucus and his diary heard these musings. 102. The Prime Minister's concerns arose from the by-election defeats suffered by the Liberals in August 1943. News of the government's indecision and possible backtracking on the freeze policy soon made its way into the nation's press which did not help the Board in administering the existing freeze. The Financial Post led its September 11, 1943 edition with a headline predicting a Cabinet announcement about the elimination of the whole ceilings programme in favour of the still unannounced recommendations from Mr. Justice McTague.

The Board quarterly report assembled the arguments against retaining the rigid ceiling. Labour shortages, increased workforce turnover, dilution of labour skills, lengthened working hours, higher wage rates, the use of substitute materials, reductions in volume of output and the uneven flow of supplies from one industry to another all increased production costs. To this point the Board had pushed for industry cost reductions wherever possible and also granted subsidy payments in lieu of price increases to maintain the ceiling, but this could continue for only so long. Evidence to support calls for across the board price increases rapidly accumulated. Increases had previously been granted only infrequently and for products of little significance to the overall budget of the nation's consumers. As a result they had a minimal impact on the cost of living index.[103]

Rising to these criticisms Gordon stuck to a hard line on the stabilization programme. A lengthy letter to Ilsley stressed one principle: "It is the opinion of this Board that price ceiling control in Canada will become administratively impossible if all three pressures become operative, i.e. increased cost of living subsidies, increased subsidies to agriculture and abandonment of wage control up to a specified minimum." 104. The Board continued its rejection of any relaxation of the wage ceiling and urged the government to take a stronger stand against the cost of living wage bonus programme.

Suggestions of a further wage bonus payment sharpened Gordon's concerns about the McTague report. A bonus had not been paid since October 1942 but in September 1943 Gordon informed Ilsley that conditions would soon force a change for "if nothing is done to reduce prices a cost of living bonus based on a rise of 1.6 to 1.9 will become payable. This would mean an increase in the wage bill of the country of from $56,000,000 to $67,000,000 per annum. It would also represent an increase in the living costs of consumers of about the same magnitude, and produce grave discriminations because of the limited group of wage and salary earners who are entitled to the bonus payment." 105.

The broad range of figures indicated that food prices again fuelled the general increase in the index: 106.

1943	Food	Fuel	Rent
April	128.7	112.7	111.3
May	129.2	112.7	111.5
June	130.9	113.0	111.5
July	131.8	113.4	111.5
August	133.2	113.4	111.5
September	133.5	113.4	111.5

1943	Clothing	Home Furn. & Services	Misc.	Total
April	120.2	117.8	107.7	117.6
May	120.2	117.8	108.0	118.1
June	120.4	117.8	108.2	118.5
July	120.5	117.8	108.2	118.8
August	120.6	117.9	108.2	119.2
September	120.6	118.2	108.3	119.4

In response the Chairman proposed a direct consumer subsidy on meats. The suggested policy involved a 'roll back' to the basic period price for meats at the slaughter level. The slaughterer would receive the difference between the current ceiling and the new reduced price. Such a subsidy would cost $35 to $40 million per year but the Chairman believed that as a result the index would drop about 1.8 points and stabilize at that level for the next six to nine months.

Despite its proven record of success, some officials challenged the use of a consumer subsidy in this case: With each further stategem, the collapse of the ceiling became increasingly obvious to the public. The current general price level now bore little relationship to the base period and attempts to rebuild that relationship only produced hostility and public skepticism about the controls programme. As well, the nation's working population wondered whether the cost of living bonus scheme was not just a carrot held out as an inducement to co-opt labour support for stabilization efforts. If the government accepted this new subsidy programme it would indicate that it had no intention of paying further bonuses, In the future the WPTB would be free to juggle the index continuously to avoid bonus payments. By frequently adjusting the cost of living index the government undermined its own attempt to build confidence and support in the index as an accurate reflection of living costs in the country. The Chairman ignored or rejected these potential difficulties in his impassioned plea for quick adoption of his latest consumer subsidy scheme. He stated that "notwithstanding expressed objections to consumer subsidies from certain sectors of labour opinion they are nevertheless a justifiable weapon to use in the fight against an inflationary rise in the cost of living and are in the real interest of the wage earner as well as all other consumers. If Government failed to use this weapon now because of doubt and criticism expressed by certain elements, it would merely serve to confirm suspicions that the policy had been wrong in the first instance." 107. Despite Gordon's recommendations the government rejected the meat subsidy. A scathing letter from Gordon to Ilsley then informed the Finance Minister that the government's rejection of the proposal created serious administrative problems for the Board and threatened cost of living control in Canada. Anticipating that the rejection of the meat subsidy would produce another wage bonus payment, the Chairman posed a series of questions to his superior:

> 1. Is there still a price ceiling or should prices be allowed to rise sufficiently to permit industry to recover the increased cost of living bonus? (I have already stated my opinion that many sections of industry cannot in general absorb these extra wage costs and maintain essential civilian supplies without Government assistance in some form.)
> 2. If there is to be a rise in prices to compensate for the additional bonus, how should the Board calculate the appropriate price increases? On what pricing principles should it work? Should it recognize increases in wage costs that have already taken place? Should it attempt to make price adjustments for a whole industry on some average basis or should it make adjustments for individual firms according to their fiscal needs? Should an industry or firm receiving a price increase be placed under profit control?
> 3. Alternatively, if the ceiling is to be maintained and prices held at the consumer level, how are subsidies to be calculated? What profits should be allowed to industry? Should subsidies be calculated on an average basis for each industry or on an individual basis for each firm? Should industries or firms receiving subsidies be placed under profit control? 108.

Gordon demanded answers to these questions to prepare for the greatly expanded administrative role he believed would soon challenge the WPTB.

Labour expressed its opposition to the existing index just a few days later in a resolution passed at the annual Trades and Labour Congress convention in Quebec City. The TLC rejected the index as a means of reflecting living costs accurately and suggested that it be reconstituted to reflect more realistically expenditures and costs for the average worker both nationally and in various regions of the country. As well the convention supported continuation of cost of living bonus payments. 109.

Much to its chagrin, the Financial Post predicted in its September 11, 1943 issue that the government would accept the McTague report with the consequent dumping of the price control programme. That would inevitably mean the departure of Donald Gordon and many of his senior officials, perhaps even the Finance Minister himself. The Post believed this would be a great tragedy. During the previous two years only Ilsley had fought tirelessly in Cabinet for the ceilings and the Post had kind words for his efforts. Chairman Gordon received commendation as well as the paper commented "to an amazing degree

> Mr. Gordon has won the respect and support not only of those who are associated with him but also of those who were at the first, most actively in disagreement on the general principle of an overall price ceiling. Were he to resign there is no doubt that a very considerable number of his associates would resign as well and that faith in the administration of inflation control in Canada would be at a low ebb." 110.

In September 1943 the price control programme appeared on the ropes, but had yet to go down for the count. With its future in the air, the government proceeded with related matters. Cabinet supported family allowances as part of a developing plan for the post-war that the Liberals realized they would have to unveil to the Canadian people to regain lost support. In the meantime the WPTB opposed any further cost of living bonus payments but the government saw things differently. At the same time as Cabinet authorized another payment, officials completed a re-evaluation of the wage policy. 111.

This re-evaluation arose from Board suggestions about the elimination of bonus payments and from comments on wages in the McTague report. Gordon believed only one means of holding the ceiling remained. The wage bonus, tied to the cost of living index, had to be abandoned. Such a move would draw the ire of workers and for that reason the Prime Minister might also oppose it. In his own mind, if in few others, the writing of Industry and Humanity established Mackenzie King as a firm supporter of the working classes. He feared antagonizing this group by dropping the bonus and noted in his diary "the mistake that was made was not seeming to remove the unjustices at the outset. The Finance Department were responsible and they should never have frozen an increasing injustice." 112. While worker demands mounted, the system of ceilings had frozen 1941 wage relationships. The government had to find an alternative method to ensure that wages did not fall behind cost of living changes. The ideal solution would be a package that would capture labour support but would not freeze wages under 50 cents per hour.

Along with Gordon's opposition, if Cabinet accepted the McTague report it would have to reject the advice of the influential Economic Advisory Committee which emphatically stated "that the recommendations that a floor be established up to which there shall be no wage control exercised ought not to be accepted by the Government without recognition that it will mean progressive disintegration of the whole stabilization programme or the extension of subsidies on a grand and impractical scale to pay increased labour costs." 113. The EAC did support however McTague's recommendation that the wage control order needed to be simplified.

The Committee also examined the concept of family allowances but could not conclude whether they should be introduced immediately or held until later in the war. The EAC could only outline the arguments on both sides before concluding that the correct course of action "depends on judgement as to popular response to such a policy, which the Government is more skilled in exercising than are officials."

The Cabinet considered the alternatives early in October. Implementing a combined package held the twin advantages of retaining the basis of the controls programme while at the same time tacitly admitting to labour that there had been some need for readjustment. The Financial Post hinted that the final solution might be "the granting to labour of compulsory collective bargaining under a new

Labour Code and a new wage formula tied to the principle of removing 'gross inequalities' and 'gross injustices' from existing rates wherever they could be shown to exist." 114. The wage control order would be simplified and based on the EAC recommendations and comments from W.C. Clark, 115 the family allowance scheme could be shelved temporarily. It would be reintroduced as a carrot held out to the voters at the end of the war.

The government could now also hint at improved conditions in the post-war world to keep labour's support. Careful consideration of the available options would be required before the government could publicly commit itself to a specific post-war policy but in doing background work economist J.F. Parkinson suggested that the Board and the government announce the plans under consideration to increase post-war employment, while emphasizing that continuation of the present stabilization programme would produce greater employment opportunities for the future. In this post-war planning, the government wanted and required the assistance of labour. 116. This proposal amounted to a new publicity and promotion campaign based on the government's decision to stick with price control. Hopefully for the short term the general public would increasingly look towards the end of the war for by the end of 1943 the Allies held the advantage on all fronts. The government counted on Canadians suffering through immediate hardships, bolstered by the knowledge of a promised land once peace arrived. To kick off this programme, Cabinet planned a major announcement on post-war Canada. In the meantime the Dominion Bureau of Statistics belatedly launched a campaign to explain the composition of the cost of living index.[117]

Another move on the publicity front came with a well-reported speech by Justice McTague. Emphasizing moderation in reaction to his report and reminding his listeners from both industry and labour "that being engaged in war must inevitably modify the application of what are good basic principles in time of peace," McTague subtly downplayed the extreme reaction from some quarters that greeted his report.[118] In Cabinet, discussion centred on the creation of a Ministry of Reconstruction to co-ordinate activities within government departments and also with provincial and municipal levels of government. With the exception of Ilsley who, fearful that it might limit his jurisdiction, questioned the need for such a ministry, King noted in his diary that "other members of Council were all, I think, favourable to the proposal."[119]

The government also acted on its commitment to reduce wage inequalities even though general wage rates below a certain level would not be freed. A decision on November 26, over the objections of Ilsley, produced a wage increase to coal miners in western Canada covered by WPTB adjustments to coal prices. To moderate Ilsley's initial draft that blamed labour for any future problems that might come from granting this particular increase, Labour Minister Humphrey Mitchell assisted in preparing the announcement of the government's decision in this case.[120.]

A speech entitled "The Battle Against Inflation" made by the Prime Minister on December 4 climaxed the events of 1943. King defended the price control programme, called for a continuation of the sacrifices made by many in the national interest and laid out the government's programme for the future. All the proposals outlined by the Prime Minister came from the report of the Economic Advisory Committee on the McTague report, again demonstrating the power and influence of the EAC. In return for continued agricultural compliance with the price ceiling the government granted a post-war price floor for agricultural commodities to end rural fears of a pending depression. King next outlined the programme to deal with labour and wage control. Although the government planned no great changes to the wage stabilization effort, the Prime Minister informed Canadians that in future "the standard in adjusting wages will be the removal of gross inequalities and injustices. The other change has to do with the cost of living bonus. The payment of cost of living bonuses at various scales has given Canada a complicated structure of wages and bonuses ... The policy of the government is that all practicable measures shall be taken to keep the cost of living at present levels. If this is achieved there will be no occasion for additional cost of living bonuses. No further bonuses are to be paid." 121. These changes amounted to a distillation of the concepts supported by the EAC and under consideration from the summer of 1943. The new vision however, rose as much from the declining electoral fortunes of the Liberals as from the danger of the collapse of wage and price controls. However, the changes served a dual purpose. From the WPTB's perspective Donald Gordon had won yet another battle. Despite the public clamour the government did not dismantle the WPTB. By the end of 1943 price controls had become a patchwork quilt of pragmatic solutions devised to prevent the collapse of the ceiling. With the future looking rosy for the Allies, the war's darkest days had passed. The government had weathered the storm of the worst economic problems and could afford to slacken some of the rigid dictates of the stabilization programme. However the Prime Minister pledged to review the whole stabilization programme if the cost of living rose by three points and stayed at that level for two consecutive months.

The Board held the responsibility for ensuring that such a rise did not take place. It achieved considerable success as during the next 15 months the cost of living index showed little increase: 122.

1944	Food	Fuel	Rent
January	131.5	112.7	111.9
February	130.9	113.0	111.9
March	131.1	113.0	111.9
April	131.5	113.0	111.9
May	131.7	112.5	111.9
June	131.1	112.5	111.9
July	132.0	108.9	111.9
August	131.5	108.7	111.9
September	131.2	108.7	111.9
October	130.8	108.7	112.0
November	131.6	108.1	112.0
December	130.3	108.1	112.0
1945			
January	130.2	109.1	112.0
February	130.6	107.4	112.0
March	131.0	107.3	112.0
April	131.0	106.7	112.0
May	131.7	106.6	112.1

1944	Clothing	Home Furn. & Services	Misc.	Total
January	121.1	118.4	108.9	119.0
February	121.3	118.4	109.1	118.9
March	121.3	118.4	109.0	119.0
April	121.4	118.4	109.0	119.1
May	121.5	118.5	109.0	119.2
June	121.5	118.4	109.0	119.0
July	121.5	118.3	109.0	119.0
August	121.5	118.5	109.0	118.9
September	121.5	118.4	109.0	118.8
October	121.6	118.4	108.9	118.6
November	121.6	118.4	108.9	118.9
December	121.6	118.4	108.9	118.5
1945				
January	121.8	118.3	109.2	118.6
February	121.7	118.4	109.2	118.6
March	121.7	118.5	109.2	118.7
April	121.8	118.5	109.2	118.7
May	122.0	118.9	109.4	119.0

Had the index not levelled off, the Board would have pushed for additional consumer subsidies even after the defeat on meat subsidies. In preparation, Board economist E.J. Spence listed the criteria that should govern consumer subsidies in a January 1944 memo to Gordon. He indicated that meat, coal, potatoes, butter, flour and bread and fresh vegetables all should be considered as likely commodities to be subsidized. He further suggested that "at least three be selected for detailed study as to procedures and ultimate practicality." 123. After considering this advice Gordon informed the Board "that when the cost of living index rose a full point over the 1943 level I should recommend to the Minister of Finance appropriate measures for checking or reversing the upward trend." [124]

Board fears did not materialize as the index in fact declined through 1944. Pointing to the steady index the government argued that its stablization programme had worked. [125] In the remaining war months increases in living costs did not require radical adjustments in the wage rates paid to Canadian workers. In fact with the prices of both eggs and oranges falling, the index hit its lowest point in 18 months between December 1944 and January 1945, remaining at that level for only a short period of time however.

With peace approaching demand grew for increased production of consumer goods. This shift could easily generate inflation as there would initially be more purchasing power than there would be goods available. A quick glance at the index pointed to an acceleration in the rate of increase with the end of the European war. For the first time since the start of the stabilization programme, the possibility existed in June 1945 that the index would rise a whole point in just two months due to a shortage of vegetables and the sale of most goods at ceiling levels rather than at prices below the ceiling as had been the case a year earlier. In June, Gordon told Ilsley that "in view of the seasonal nature of these factors and the relatively short period when the Index threatens, to be significantly above the level of late 1943 when the last automatic wage adjustment took place, we propose to take no action on the matter and to leave the present Orders in effect during the summer months. About August 1 however, concurrently with the publishing of the July 1 index we may take advantage of the opportunity to release publicity about the continuing danger of inflation." 126. Again the Chairman suggested that the Board and the government should ride out the storm. To counter public opposition the Board removed the controls and restrictive orders placed on some goods, services and operations. Through the late summer and fall of 1945 the index closely followed the pattern predicted by Donald Gordon. Fuelled by high food prices, it climbed although the initial outburst of activity following the conclusion of hostilities in Europe soon levelled off. Under these circumstances the Financial Post advocated the adoption of an American initiative. The United States government had changed the name of the cost of living index to the "Consumer price index for moderate income families in large cities". Had such a change been adopted by Canadian officials at some earlier point it might have alleviated considerable skepticism about all aspects of the index. The thought of changing the name of the index to relieve the pressure surrounding its accuracy did not dawn on Canadian officials, even though they admitted that "few people properly understood [the index] to mean the cost of a specified list of family goods and services of the kind and quality likely to be purchased in a home of two or three children and an income (before income taxes) of between $1200 and $1600 per year." 127.

Sooner or later the Board had to confront and accept an increase in the index. Certainly the elimination of the remaining controls would produce a rise in the cost of living. Initially Canadians had feared that the removal of controls would lead to a recession but the Board's gradual withdrawal of controls allowed for an orderly phasing in of consumer goods production and an easing of the advances in the index that would inevitably take place with the ending of the stabilization efforts. Part way through the retraction of Board involvement, officials predicted that the index would rise almost two points. 128.

Throughout the war the freeze in wages and changes in the cost of living index remained two sides of the same coin. Modifications to one automatically affected the other, leaving the Board to balance these two potentially explosive issues as the branches of government originally in charge of these matters abdicated their responsibilities and/or were muscled out by the WPTB. In filling this vacuum the WPTB assumed the responsibility for both wage control and the index although technically neither officially belonged to it. However Gordon and those around him believed that inefficient operations in these fields had stymied WPTB price control efforts. Thus the Board encroached and enforced its wishes upon other branches of government. Given any sign of organizational weakness in the stabilizatinn programme the Board filled the breech with its own suggestions. In the end this led to the assumption of responsibility for a broad range of activities. Such expansion greatly added to the Board's wartime burden but also improved its position as it reduced the number of variables over which the Board had no direct control that could threaten the price control programme. For this reason alone, the WPTB endured difficulties in the wage ceiling and cost of living index and generally steered a moderate course that at times threatened to bring the ceiling tumbling down. The Board and the price control system survived the many competing pressures from wage control and the index but to do this successfully inevitably involved compromising the freeze and the base period concept. As the war continued and the end could be seen, the juggling of the index became more blatant as holding the freeze dominated all other considerations.

(iv) Conclusions

¶ Through subsidies and juggling wage control and cost of living index the WPTB tried to provide relief to businessmen while at the same time maintaining the facade of a rigid freeze. Although Canadians may not have been paying for inflation over the counter in the nation's stores, the tab for the subsidy program had to be picked up sooner or later. Whether individuals paid for inflation directly or not, they certainly paid.

However, success for the WPTB relied on equal doses of illusion and reality. As long as prices did not rise too steeply or swiftly, the Board could maintain the illusion that no price rises had occurred at all, simply by the handout of subsidies to those firms that saw their profit margins squeezed. This would keep the business community happy as their prime interest was to avoid being squeezed too tightly by the WPTB.

At the consumer level, the Board met individual complaints with investigations and if the evidence turned up proved too damaging, prosecutions on occasion resulted. However this was far from a major part of Board activity. As long as Canadians could be convinced all was well, it would be. To that end, Gordon frequently offered reassuring speeches outlining successes achieved but his hard line stance in public statements was often not matched by WPTB actions.

Rather the changes that came in the ceiling during the life of the Prices Division almost universally worked to ease rather than increase the pressure on the business community. The same could hardly be said for wage control where the government demonstrated great reluctance either to consult labour on the programme or to change the regulations to ease the lot of workers. Had the government relaxed wage control it would have implicitly admitted that inflation was having an impact. That was one candid analysis the government wanted to avoid at all costs.

Chapter Four

Dealing with Supply and Distribution

Controlling prices and wages and juggling the cost of living index to support Board claims that inflation was not damaging the economic position of Canadian workers formed one half of the Wartime Prices and Trade Board's responsibilities. WPTB officials, however, also became involved in the management of the supply and distribution of consumer goods.

When acute shortages occurred the Board decided that the rationing of a commodity provided the most equitable means of making the goods available to all Canadians. However, WPTB officials in many cases found the situation to be not serious enough to justify the expense and elaborate machinery required to start a programme of consumer rationing. Nonetheless intermediate steps short of rationing could be taken to distribute goods and services equitably.

In many cases the most regular supply difficulties revolved around agricultural products. Debates over how meat supply difficulties should be handled became just another issue in the conflict between the WPTB and the Department of Agriculture that lasted throughout the life of the WPTB.

Solutions to these supply matters had to be found for the end result would be greater pressure on the price ceiling and a drop in public support and confidence in the effectiveness of the WPTB.

(i) Equitable Distribution of Goods in Short Supply.

Without sufficient supplies the strong demand for consumer goods throughout the war would produce inflation. Similarly if adequate supplies existed without an equitable means of distributing them across the country, inflation could again result. With this in mind, the Chairman issued a bulletin to administrators outlining the Board's role in maintaining supplies. Gordon asked each of them to conduct a comprehensive survey of his industry to pinpoint potential shortages and then report the results to head office. However, the Chairman cautioned his staff that if the survey "is not dealt with discreetly it might have undesirable repercussions in the form of hoarding or panicky buying of certain types of goods and supplies. Consequently I must ask each Administrator to use the greatest possible discretion in any enquiry which may be undertaken." 1.

The results pointed to serious shortages in raw materials for consumer goods production and in supplies of labour rather than in physical plants for manufacturing. These shortages led to an underutilization of existing capacity which became more acute as spring turned to summer in 1942. Restricting the establishment of new businesses could ease the crisis as new operatinns frequently duplicated existing businesses and increased the drain on the finite manpower and materials resources not being diverted to war production.

The Board therefore proposed that individuals and firms either starting up or taking over an existing business would be classed as new businesses and would need permits from the WPTB to begin operations. Subdividing business into retail, wholesale, manufacturing and service sectors, Board officials would approve the establishment of a new business in any sector or any change of activities from one sector to another. Furthermore they would regulate the expansion of product lines and plant sizes by existing businesses. The limited number of groups eligible for permits indicated the restrictiveness of the programme. Only a new owner of an existing business in the same field, preferred categories of owners (such as returning soldiers) or a new owner replacing an owner who was either ill or going to enter a more essential branch of civilian or military service could obtain a permit. The Board also granted permits in communities near new industrial or military facilities, if businesses changed ownership at the time of the issuance of the order and under extraordinary circumstances. The Board designed the programme in August 1942 but it did not come before the Finance Minister until late October. 2.

At that time the Chairman noted that these restrictions "represent a serious interference with business freedom" but with other autocratic measures waiting in the wings such as the curtailment of all non-essential industry to divert materials and manpower to the war effort, restrictions on the establishment of new businesses appeared to be a minor matter. German successes in North Africa and the Soviet Union and Japanese Pacific triumphs, produced this increasing economic regimentation, for in late 1942 many Canadians wondered if the war could be won.

At the same time as the Board completed preparations for limiting new business, officials announced a programme to distribute equally goods in short supply. This came in response to fears that increasing restrictions on the production of consumer goods would produce shortages in the supply of finished products. The equitable distribution programme ensured that if manufacturers and wholesalers could not maintain full supply levels to retailers, available supplies would be allocated among their retail outlets, according to the 1941 distribution pattern. Under these circumstances a supplier could not add new customers but an adjustment of distribution quotas could be made by the appropriate Administrator in cases of abnormal population increase or decrease since 1941. To cover future shifts each distributor set aside 5% of his total available goods. Should a manufacturer or wholesaler also be a retailer, he treated his own retail outlets exactly as he would any other customer. Needless to say, the appropriate Administrator retained total control over all aspects of the policy and could order alterations as needed to reflect changing conditions. 3.

Although designed to achieve maximum distribution of shrinking supplies, some difficulties with the scheme, primarily at the local level, soon emerged. Initially equitable distribution forced manufacturers and retailers to recall and reinstitute their 1941 distribution patterns. The Distributive Trades Co-ordination controlled the programme acting through informal channels, while issuing formal directives "only when changes in quotas affected a considerable number of distributors of products related to an entire area." 4. Officials hoped that another Board directive that stated that "insofar as wartime conditions permitted, manufacturers were to continue to produce and retailers to continue selling not less than the same proportion of low price lines as they did prior to the price ceiling" would cut down on circumvention of Board directives. If manufacturers and retailers did divert production to higher priced lines the cost of living index would rise with repercussions for the whole stabilization programme.

As 1942 drew to a close Board policies on supply and distribution began to have an effect on retailers and producers across the country. In this atmosphere the Financial Post encouraged businesses to respond positively to the latest demands of the controls programme. The Board's latest efforts combined with the curtailment of non-essential industry reduced inventories on retailers' shelves and for the first time, retailers could feel a real squeeze. As the Post noted, this challenge could only be met through co-operative action with a simple goal in mind: "not how to inflate sales volume but how to control sales so supplies will be conserved and the business kept going." 5. Businessmen now had to think in reverse. Store hours would have to be shortened not lengthened and other measures instituted as well.

The situation varied from region to region, with shortages of products and confusion about Board regulations particularly acute in the Maritimes. Skepticism that the Board designed its rulings for the benefit of central Canada added to local difficulties but generally across the nation as supplies dwindled, concern on the part of retailers grew. The effects of the controls programme and the diversion of manpower to munitions production restricted the ability of producers to refill orders quickly. The Board's Research Branch kept a close watch on these trends and in early November Director Douglas Gibson suggested that "in general, the statistics are beginning to show the increasing difficulty of replacing stocks and will in all probability reflect this influence to a growing extent in the next few months. Though retail inventories in most of the major groupings are still substantial and provide a very important cushion between declining civilian production and the relatively high rate of civilian spending, they could and may be depleted rapidly, Without such a cushion problems of imposing rationing systems and otherwise assuring equitable distribution would be greatly increased." 6. He had spotted a trend and the Chairman reported to W.C. Clark the growth of public pressure for Board action based on a belief that poorly distributed inventories produced unnecessary shortages. Gordon outlined two possible responses. He believed the Board could either "develop the measures already instituted, namely equitable distribution and control of expansion or to embark on a policy of inventory control." 7. Pointing out that the United States had opted for option two, Gordon wondered whether Canada might be forced to adopt a similar policy. Supported by a memorandum suggesting no immediate need for inventory controls Clark and Gordon agreed to continue and, if necessary, expand programmes already in operation.

Inventory shortages led to supply difficulties, and in the spring of 1943 the Board established a Supply Division to co-ordinate policy and direct the supply activities of Co-ordinations and Administrations. The success of most administrators in dealing with their own industries frequently left the Division with little work but it remained on call should its services be required in emergencies.

Soon some administrators encountered problems with the equitable distribution as rulings on this issue did not have the force of Board orders. If retailers complained about not receiving their fair share of a supplier's goods, the Board's enforcement personnel could not intervene effectively. They could only direct retailers to appropriate administrators, anticipating that action would follow at that level. This unsatisfactory enforcement situation required clarification. The Chairman mentioned a related problem in a speech to retailers in April 1943. Store owners agreed that problems did exist as suppliers failed to follow the equitable distribution plans but they would not report violations for fear of having their supplies reduced still further or being cut off entirely. In response the

Chairman appealed for support in reporting all problems so that any black market operations could be promptly stamped out.[8.]

Despite the frustrations of some Board staff members at the lack of teeth in the equitable distribution regulations, the government and senior Board personnel did not alter the regulations. As with price control, the WPTB did not wish to lean too heavily on business. It could promote the equitable distribution programme as a positive Board response to a supply problem, and as long as it obtained voluntary compliance from business, no one needed to know that the regulations could not be enforced.

Fortunately for the Board much of the business community accepted such voluntary regulation, and complied to the extent that the WPTB could claim equitable distribution a success. At the same time, when some firms did not comply, the WPTB did not respond with sanctions. Rather the Board appeared to ignore these problems. If some Canadians could not obtain some goods as a result, that did not seem to bother the Board overly as long as the situation did not deteriorate into a widespread national problem. Whenever such a situation developed, the response of the WPTB was to impose rationing and not to first try to solve the shortage through a legislated equitable distribution programme accompanied by stiff penalties for violations.

By the end of the year inventory levels of most consumer goods had stabilized and Board officials admitted that their late 1942 predictions about coming shortages had not materialized.[9] The situation had slowly worsened but the supply and distribution panic that the Board had anticipated would necessitate extensive regulation of the economy did not materialize. Throughout 1943 inventories declined slowly without a great gap opening between demand and production. A memorandum passed to the Finance Minister outlined the situation at the end of 1943, commenting that "while the volume of retail sales has been approximately steady since 1941, the supplies of goods entering the distributive system from the manufacturing level and from importers was estimated to be about 5% lower in 1943 than in 1941. The volume of retail sales was 10% higher in 1943 than in 1939 but supplies of goods entering the distributive system were up only a little over 3%."[10]

Equitable distribution, the allocation of materials in short supply to various manufacturers by individual Administrators and the general supervision exercised by the Supply Division all contributed to the successes achieved in supply and distribution matters but a change in Allied fortunes in the war also contributed greatly to easing tensions. The breakthroughs in Europe and Africa came in the winter of 1942-3, leading many people to conclude the end of the war was approaching. Under these circumstances the Board could afford to slacken the rigidity of its decisions.

In response to changing public attitudes the Chairman asked for advice on supply and distribution matters as pressure grew for reconversion and the removal of Board controls. Gordon told Ilsley that "the problem which now arises is the case of a war plant with surplus capacity wishing to enter the civilian market while there is still an overall shortage of the raw materials concerned. The quetion is - should the war plant, by which I mean a plant established and built for the purpose of meeting a specific war demand, now receive an allocation of the necessary raw materials, or should the established manufacturers in the field be given a priority on the limited supply before permitting the war plant to enter the civilian field?" [11] Providing his own solution to this vexing problem Gordon suggested "permitting operating war plants to enter the civilian field as soon as they have capacity to do so. This, of course, has reference to those plants which will continue to produce for the civilian field the same items as they have been producing for war orders. A different situation entirely is presented when a war plant proposes to enter the manufacture of a new line of goods in order to make use of its facilities and labour."

In addition the Board eased manufacturing restrictions on other products in early 1944 reducing some supply and distribution difficulties. Farmers received the benefits of relaxed regulations on the manufacture of replacement parts and new farm machinery, but even so production levels remained below 1940 levels. 12. As with all other aspects of reconversion, the Board followed a cautious path making only gradual changes so that any errors could be quickly corrected without damaging the whole programme. As the raw materials supply situation eased, manufacturers could return to the production of consumer goods. However the easing of restrictions also forced the Board to take action in other areas for "the high level of demand, and shortages in particular lines necessitated the extension of ceiling control in various services and primary products previously exempt, and to sales in the form of personal and household effects of those articles for which used goods ceilings have been fixed by the Board."[13]

With these adjustments the general situation continued to improve. By April 1944 the Chairman happily reported to Ilsley that yet again the Board had been overly pessimistic in its predictions about declining inventories as supply levels had stabilized across the commodity spectrum. Added to a general levelling off or decline in war munitions production, the time was ripe for a major revision of Board policy on supply and distribution matters in light of the quickening pace of reconversion.

On May 11, 1944 the Chairman sent a memorandum to all Co-ordinators, Administrators and Price and Supply representatives laying out revised regulations covering the commencement, acquisition and expansion of business. A permit would no longer be required to change the ownership of an existing business but would still be needed to expand the physical plant of a firm, to form new businesses or to change the type of business being conducted by a company. The WPTB assured businessmen that these permits would generally be granted upon application. One important proviso in the new programme reflected the existing economic conditions: "the Board will assume no responsibility for assisting the applicants to obtain supplies. Goods which are in short supply will continue to be distributed under the equitable distribution policy and new entrants into business will normally not be entitled to a share of such goods." 14. Such a policy made the relaxation of new business regulations pointless. Few individuals or firms would want to open businesses if no guarantee existed that they could obtain raw materials. In essence this decision protected manufacturers in any field that had switched from consumer goods to munitions in wartime. If no one else could get raw materials they could not begin the manufacture of any product before the pre-war manufacturers converted back to consumer goods production. Thus the market shares of pre-war manufacturers would be preserved. Like the rest of the equitable distribution programme, this move to end restrictions on new business had the illusion of action to impress the Canadian people, but not the accompanying reality of making it easier to start a new business.

Gradual improvements took place as a result of allowing new businesses to be established, but in September 1944 Gordon cautioned the nation against expecting a rapid increase in supplies. Once the war ended adjustments and sacrifices would still be required to assist the inhabitants of liberated countries. 15. The report of a committee established to examine the textiles and leathers situation echoed Gordon's pleas to the public, by informing the Cabinet War Committee that the government should "not anticipate much relief until some time after the cessation of hostilities and in fact a period of great stringency in some fields may be faced." 16. The Canada Year Book noted additional measures taken during the year to deal with specific difficulties: "the production of certain articles of clothing was directed, a few household appliances were 'programmed', and specific measures were continued to assure the largest feasible output of farm implements consistent with war needs. Scarce materials were allocated between different manufacturers and different users to ensure sufficient supplies for essential production." 17.

Following the relaxation of rules governing new businesses early in 1945 the Board proposed revisions to the equitable distribution policy. Manufacturers and wholesalers could now have some latitude in distributing their products providing there would be no adverse effect on the public interest and as long as discrimination against individuals did not result. Additionally new manufacturers and wholesalers could seek their own distribution outlets even if these outlets already received supplies from manufacturers or wholesalers. To match this step existing manufacturers and wholesalers could also seek new outlets providing that current outlets continued to receive their existing share of production. Of course at any point in the relaxation of these regulations the Board could intervene to halt unfair or inequitable practices by wholesalers or manufacturers.[18.] These changes injected a measure of business competition into the system of distributing goods that had been operating under voluntary restraints since the start of equitable distribution.

These changes could not be universally applied however. As the Financial Post indicated, supply and distribution difficulties still existed for some commodities, with textiles and cotton goods in the worst shape. Strong domestic and export demand combined to create shortages throughout 1945 with world wide cotton shortages exacerbating this situation. In response the Board channelled existing cotton supplies into the production of specific clothing goods to maintain minimum supply levels of those lines.[19]

As nothing had been done to allow new businesses to obtain supplies, in July 1945 the Distribution Co-ordinator requested that new businesses be guaranteed greater opportunities to obtain supplies through their own efforts. He suggested perhaps supply levels guaranteed to 1941 customers would be reduced to allow new entrants to compete for available goods and services.[20] On September 6, 1945 the WPTB agreed, proclaiming a new policy on equitable distribution ten days later. In future "fabricated textiles will be subject to the former policy of up to 80% of current production, but the remaining 20% may be distributed freely; the total supply of other goods, including household appliances, office equipment and jewellery, may be distributed freely. As commodities come into fuller supply it is the intention to enlarge the class of free goods until all controls over distribution may be removed."[21] The Board expanded the 80-20 split concept to other commodities as needed to allow access for new businesses. Ultimately very few goods, with the exception of basic foodstuffs, retained complete 1941 distribution patterns and prohibitions over the participation of new businesses. It should be noted though that therelaxation of distribution controls did not mean that controls at other levels of the production chain would be relaxed. These would be removed individually as conditions warranted.

The Board followed the September announcement two months later with further revisions in equitable distribution regulations. This decision shifted many additional commodities, including all food and grocery products except for meat, butter, sugar, preserves, shortening, lard, edible oils, evaporated milk, ice cream and starch into the 80-20 category. [22] Rationed foods remained completely under **relevant** regulations. This move allowed businessmen to enter new activities but ensured that where necessary, existing distribution networks would remain to deal with shortages of specific goods.

Next the Board placed all goods still under equitable distribution control early in 1946 into an 80-20 split. [23] With the war over some shortages still remained in the metals field, textiles and pulp and paper, leading to public criticism that "the only thing that is really retarding supply is our continued adherance to price ceilings." 24. To counter such statements the WPTB continued the information campaign on shortages it had conducted throughout the war.

Although these objections to continued control developed after the war, the WPTB never faced significant opposition to efforts to guarantee adequate supplies and to distribute necessary goods and services throughout the country. Here the Board met success through intelligent planning that was thoughtfully carried out. On several occasions the Board resisted pressures to relax its support for voluntary controls if such a move might threaten to weaken existing supply and distribution networks. In retrospect some controls could have been lifted at an earlier date, but that might have increased the pressure on the price ceiling before the conclusion of the war. As well it might have hindered the Board's orderly programme of decontrol and reconversion. Supply and distribution controls followed a pattern adopted with other controls imposed by the Board. Introduced following study and discussion to solve a specific problem, the Board modified and adapted supply and distribution controls to suit changing conditions. The fact that equitable distribution regulations could not be enforced in the end did not severely limit the effectiveness of the programme. Rather it gave the WPTB an opportunity to regulate with some flexibility, while at the same time assisting those it believed to be most in need of help.

(ii) The Battle over Meat Supplies.

One commodity cut across all lines and caused problems for the Board throughout the war. The never-ending struggle with the Department of Agriculture over the price, supply and export of beef and other varieties of meat affected supply, distribution, rationing and cost of living index decisions. Senior Board officials spent an inordinate amount of time on this battle, recognizing that they could ill afford to lose it. Victory for the Department of Agriculture would produce a breakdown of the controls programme as meat remained the backbone of living costs for most households.

From the start of the freeze, disagreements between the Department and Board became a foregone conclusion, as strong personalities at the head of each organization wished to maximize the power each exerted over the agricultural sector of the economy. Donald Gordon controlled the price freeze and thus wanted control of all variables that could influence and upset his efforts. Only with these powers could he minimize the possibility of Board efforts being subverted by other branches of the government. James Gardiner likewise had but one thing in mind. As Minister of Agriculture he remained bound and determined to obtain everything possible for his client groups. As the country emerged from an era in which depressed farm prices had been the norm and farming had been a far from profitable activity, Gardiner grasped at any straw that might produce price increases for farmers' commodities. That included damaging price control if it produced the desired results. Throughout the war Gardiner demonstrated little interest in the details or the success of the controls effort.

In a lengthy letter to the Prime Minister written in April, 1942, refuting the Agriculture Minister's Cabinet arguments on cattle exports, Gordon fired the opening broadside in a long, drawn-out war. Calling for orderly exports, seasonal fluctuations in beef prices and stressing the need for adequate supplies for the domestic market, Gordon countered the Agriculture Department's view that no imminent beef shortage existed. The WPTB meanwhile stressed that price control could only succeed by controlling beef supplies on the market. [25] In an early reply to Gordon, Gardiner completely opposed any WPTB effort to regulate exports, stating that "it will be most difficult to convince those concerned that any good purpose is going to be served by interfering with the arrangement under which cattle go to the United States." [26] However, widespread violation of existing price ceilings and export quotas caused particular concern for Gordon. This had to be halted for he believed more violations would jeopardize the future of controls.

Anxious to avoid a long fight, Gordon had his officials reach an agreement with Agriculture representatives by mid-May. The Board's Foods Administration would license exporters and regulate exports to the United States, granting them a price equivalent to export prices. Through the newly created Wartime Food Corporation the WPTB would requisition and purchase adequate supplies of beef to maintain domestic levels of supply. The plan ensured continued flow of beef to the domestic market at prices within the ceiling but the Wartime Food Corporation would only purchase cattle that otherwise would have been exported. [27]

The WPTB solution to the broader pricing and marketing difficulties proved only temporary. The plans required further refinement, perhaps along the lines suggested to Gordon at the end of August by his Foods Administrator, J.G. Taggart, who recommended a review of the whole beef programme. Gordon agreed as he had recognized in mid-August that shortages would soon crop up. He proposed that Canadians, either by request or by order, observe meatless days. This would provide a temporary solution to shortages until the Board approached the Deputy Minister of Agriculture to suggest an embargo on cattle exports. Taggart believed such action might force the Board into agreeing to a price increase, and therefore presented his own scheme.[28] It centred on making the Wartime Food Corporation the sole exporter of beef while establishing a guaranteed floor price for domestic beef sales. This would remove the lure of higher prices that had encouraged the diversion of excessive quantities of Canadian beef to American markets. Gordon found this to be a sensible solution to the export problem and forwarded it to Cabinet for consideration as the ultimate decision went beyond the Board's jurisdiction.

That decision came very swiftly, largely because Gardiner missed the crucial meeting at which Cabinet considered the matter. The Minister telegraphed the Prime Minister requesting that the meeting be delayed until he could return from Western Canada, but this effort went for nought. As the Prime Minister noted "Gardiner in West is opposed - but clearly the national need is along the line recommended by Prices Board - so decided to save price ceiling structure." [29.] Gardiner wanted the price of beef to be increased to American levels which would stop the flood of beef to the U.S. Ilsley stressed that such an increase would threaten the whole ceiling structure, and the Cabinet supported his view. [30.] As a relieved Gordon noted in a letter sent to the Board's Washington representative A.F.W. Plumptre, "I am almost afraid that our victory is too late, but at least we now have something on which we can work." [31.] After the meeting King informed Gardiner that "we must weigh the interests of special groups of producers against the duty of Government to protect general consumers under price ceiling policy. In view of all circumstances and need for immediate action, we feel situation will not permit our awaiting your return and demands that decision to impose controls along lines explained to you by Mr. Taggart be made at once and announcement to be made immediately." [32.] Gordon took a conciliatory line as he outlined the new plan to Gardiner. Commenting that "while the decision does not completely meet your point of view I hope you can agree that it is a satisfactory settlement of this very difficult question". 33. Gordon noted that the Board planned to maintain a ceiling on beef prices. In reply, Gardiner remained highly agitated. He informed King that "the attitude of the Prices Board with regard to farm prices since the present Chairman took over, has been most unsatisfactory so far as farmers are concerned." 34. No love was lost between the heads of the two organizations, but Gardiner based his arguments on the relationship between farm income and expenditures. He argued "if the Prices Board is going to hold down the price of farm products they should put the prices of farm implements and other farm necessities back to where they were when farm products were selling at the present levels during normal times." A logical argument perhaps but against the combined might of Ilsley and Gordon it did not carry much weight.

The Chairman did not adopt an outwardly conciliatory attitude to Gardiner in correspondence with Ilsley. On September 19, Gordon argued that notwithstanding the Agriculture Department's desire to preserve the interests of farmers, beef and meat in general must be treated exactly as other essential commodities. He reserved harsh words for the Minister of Agriculture commenting to Ilsley that:

> Just two days ago the Minister of Agriculture made a further statement to the press indicating that within six to twelve months we would have so much meat that we would be able not only to supply Britain with her requirements, but also to supply our own requirements and have a surplus of beef left over for export to the United States. I feel that this statement is so unrealistic and irresponsible, and so indicative of the short-sightedness of the Department of Agriculture and of its refusal to assist in any intelligent and realistic approach to the meat situation in Canada, that I should explain fully to you as above that our views are completely to the contrary, and that we believe it will be necessary for us to introduce meat rationing in the near future. 35.

This situation pushed the WPTB into a corner. With one branch of the government calmly assuring Canadians that plentiful supplies existed, should the Board's predictions prove correct (and to that point in time the WPTB had proven much more accurate in its assessments than had the Department) the nation would receive a rather rude awakening. The result could be a credibility gap that could endanger controls. Something had to be done and Gordon outlined the Board's view that there "is a floor under nearly all farm prices. The prices of things farmers buy have been strictly controlled, the total amount of increases being insignificant. Both in his capacity as a producer and in his capacity as a consumer the farmer's position in the matter of prices of goods has been substantially improved, since last autumn, relative to the position of other groups in the community." Concessions to farmers could not be made while holding the ceiling but this clearly implied that the Board would be almost certainly at odds with the Agriculture Minister. Based on the initial skirmish on beef prices Gordon knew the sort of tactics he would face from Gardiner.

At a meeting on September 24 the two ministers reached an amicable solution to outstanding problems with Gardiner insisting that his officials control production and marketing of agricultural commodities while ceding powers over fixing prices to the WPTB. The agreement suited both sides but as Mackenzie King remarked, the continuing controversy took a toll on Ilsley: "he frankly admits he has had to leave even major decisions to his officials, and says he cannot possibly do his work if there is to be endless controversy between him and Gardiner. I pointed out that Gardiner was right in taking exception to the controversy between Gordon and himself in the press. The whole business is making clear how impossible it is to attempt regulation on the scale this war is rendering necessary." 36.

Not only King had started to worry about just how long the controls programme could remain effective. Those outside the government had been making their views known, particularly in connection with the ongoing Agriculture - WPTB disputes. Government officials concerned about the impact the failure to regulate the export and price of beef would have on the controls programme supported Gordon while various agricultural groups who wished to maintain the status quo that had recently produced good profits on cattle exports naturally backed Gardiner. The Ontario Federation of Agriculture fired a blast at the Board Chairman in a press release on September 25, emphasizing that "Mr. Gordon may think he can make policy by waving the big stick but these tactics lose their weight as one tirade succeeds another ... There is no long range vision in the Board's policy, in addition to which the Board shows a distinct failure to recognize mistakes and to admit failure." 37. The Federation's critique contained a great deal of truth but in the autumn of 1942 Board officials did not believe they would either fail or make mistakes in their stand on beef. The WPTB acquired a beachhead in the opposition's territory when Gardiner accepted Board control of beef prices. Gordon quickly decided the attack must be pressed before losing this advantage.

Gardiner held exactly the same view for he had beaten back Board challenges to his authority over production and marketing. In a letter that followed the September meeting the Agriculture Minister pressed Gordon on beef prices and suggested that when setting final ceilings the following June, "consideration ... be given to the advisability and justice of increasing the ceiling to the highest level which is possible." 38. He based his argument on his perception that at the time the Board froze prices, the retailer received an abnormally large margin in comparison with producers and wholesalers. Gardiner believed it to be his self-appointed duty to redress this imbalance.

In response Gordon could not allow even this partial challenge to his authority over pricing. In a letter, Gordon justified all pricing decisions made to that point, and provided background information on the pending decision to allow prices to reach a seasonal peak before establishing a uniform ceiling. The Chairman rejected any pricing advice offered by Gardiner. 39. Always quick to report internal government squabbles, the Financial Post informed the nation of the renewed infighting between Gardiner and Gordon but the paper supported the Board's policy of a straight increase of $1.50 per hundredweight paid to cattlemen. [40]

Perhaps the publicity about the dispute reduced tensions for the WPTB soon returned to minor internal administrative problems, and stayed clear of a major confrontation with the Agriculture Minister. [41] For the moment the Board and the Department put aside their differences to work towards a solution to their problems. The Board and the Department jointly announced that agreement on the pricing, distribution and production of agricultural commodities on February 9, 1943. A working relationship had been established but it would not take long for the arguments to resume.

Replying to an Ilsley letter of April 16, 1943 Gardiner minced few words in outlining his concern about recent suggestions from Gordon that WPTB Foods Administration officials sit on Agriculture Department Boards and Committees and vice versa. The Minister claimed that the WPTB officials in question in most cases would not have the knowledge and background to understand what was being discussed. [42] He further complained that the Board was anxious to set up a second agricultural advisory group, thereby duplicating what the department already had in operation. As a somewhat chastened Ilsley noted in a letter to Gordon in which he enclosed Gardiner's comments, "unless you have strong views on the matter, I do not intend to make further representations to Mr. Gardiner as he does not seem to be at all disposed to be sympathetic."[43] The same advice was given to the Chairman from the new Foods Administrator Kenneth Taylor.

Gordon soon engaged Agriculture Department officials in discussions on raising the ceiling price for beef in conjunction with the establishment of an appropriate floor price for beef exports to the United Kingdom. This time the two parties agreed to keep the price level constant for the remainder of the war and also set floor prices for beef purchases by the Department of Agriculture at seasonally varying levels between ½cent and 2½cents per pound below the ceiling. As the Chairman noted in a subsequent memorandum to his Foods Co-ordinator, the WPTB hoped that seasonal surpluses of beef would ensure that the price did not remain constantly at the ceiling.[44]

Gordon's hopes were not realized as throughout the summer of 1943 prices remained at ceiling levels, and the overall cost of living index continued to creep up slowly.

Facing another cost of living wage bonus payment Board officials proposed a consumer subsidy on beef purchases like those introduced the previous December, to knock down the index. The WPTB believed a subsidy could also assist in regulating rationing, slaughtering and other aspects of the beef and meat situation that had previously escaped extensive control. [45.] Despite such advantages the Cabinet rejected the plan in September. With the price control programme in danger of collapse the government gave priority to possible major changes in this field. Minor tinkering would no longer suffice.

A

Gordon complained bitterly to Ilsley about the government's rejection of his scheme but he knew as well as Ilsley that the rejection of consumer subsidies on meat would not change the WPTB's task. The leaky vessel that was the price control programme would be merely patched up one more time and sent back to sea with Gordon still at the tiller under instructions to stay afloat as long as possible. Perhaps as a **palliative to** Gordon Cabinet reconsidered the beef subsidy scheme on September 10, 1943 but might have just gone through the motions for as King recorded, "Council wisely, I think, decided to follow the latter course, and not reverse its previous decision." [46.]

The general defense of price control from attacks from all sides absorbed Gordon's attention during the fall and winter of 1943-4. However, with spring came further challenges from Gardiner.

In early May, Gardiner pushed to have the floor price for red and blue brand beef established at ½cent per pound below the ceiling price. Hearing of this, Gordon commented, "I cannot support such a plan, at least for Blue Beef. Beef of a quality that will brand blue represents the bulk of what is sold at retail in Canada. If the Government undertook to purchase Blue Beef at ½cent under the ceiling it would mean that household consumers would never be able to buy this quality below the ceiling. The effect of this on both the cost of living and the index would be distinctly unfavourable." 47.
The WPTB argued that unless the price remained at 3/4cents below the ceiling, expensive transportation subsidies would be needed to move the beef from western Canada to markets in theeast, but Gordon had a compromise. Noting that red brand beef had sold at the ceiling for over a year and that producers of top quality meat deserved a bit more money, he agreed that the floor for red brand beef could be set at ½cent below the ceiling. The Agriculture Department officials rejected the suggestion.

These pricing debates on occasion degenerated into personal battles in Cabinet between Ilsley and Gardiner. The Prime Minister noted that this struggle increasingly exasperated the calm, methodical Ilsley. By distorting the truth or completely manufacturing statements about government policy Gardiner tried to enhance his reputation as the defender of the farmer's interests against attacks from all sides and also frequently placed Ilsley in embarassing situations. Graham Towers met with King early in June 1944 and informed the Prime Minister that Gardiner's antics could lead Gordon to leave the Board and had undoubtedly contributed to the mental exhaustion and fatigue that had overcome Ilsley. The Prime Minister noted "there is a good deal of truth in what he says." 48. Gordon shared Ilsley's views of Gardiners activities but ultimately the Finance Minister encouraged Gordon to let his immediate objections to Gardiner's methods go by the board. Ilsley had concluded that no good would be achieved by further stirring of the pot. 49.

After another month of negotiations on floor prices the Chairman outlined the WPTB's final position to Ilsley. It would accept floor prices of ½cent per pound below the ceiling for red and blue brand beef, 1½cents per pound for lower grades suitable for sale to the British public and further negotiation with the Department on the floors for beef suitable only for industrial purposes.[50] These prices would provide a financial incentive for farmers to produce for domestic consumption and export to Britain, as Agriculture officials had emphasized that without substantial financial incentives, farmers would not co-operate.

Gordon gave his proposals to Cabinet while telling Ilsley that he remained "definitely of the opinion that an agreement on that basis is dangerous and wrong."[51] He stressed that "I remain unalterably convinced that floor prices should be regarded as 'stop-loss' prices and that the range between floor and ceiling should correspond to what may be called normal and usual price fluctuations."

Not surprisingly the personal hostility between officials of the WPTB and the Department produced general rigidity in policy. In July 1944 Gardiner's views on a floor price arrangement remained essentially unchanged, as he stated "therefore I consider it most important that we agree to deliver high grade beef to Britain at a price which makes it possible for us to offer ½of a cent below the ceiling for high grade or red and blue beef and 3/4 of a cent below the ceiling on medium to cow beef and a cent and a quarter below the ceiling on medium commercial steers and heifers." [52]. This proposal varied from the agreement the Board and the Department had tentatively reached in May. Gordon remained rigid on his side in arguing for no less than ½ a cent per pound. Even with this difference between ceiling and floor prices the WPTB expected this new level would eliminate sales of beef below the ceiling.[53].

With the two sides unable to agree all prepared for a battle between Ilsley and Gardiner at Cabinet. Gardiner allowed a confrontation to take place even though in the past Cabinet had rarely backed his attempts to obtain higher prices at whatever cost for agricultural producers. Gardiner now risked the possibility of Cabinet adopting the Board position entirely rather than winning at least some of his objectives through negotiations with the WPTB. At the meeting King outlined his views and later recounted in his diary "I gave Gardiner to understand in the presence of Council that if he were not able to work out an agreement with the War Time Price Board officials on the lines indicated, that tomorrow the Cabinet would make a decision which might be in support of Ilsley and against himself." [54]. Perhaps this embarrassment in front of Cabinet plus his frustrations at the continual defeats at the hands of the Board led Gardiner to claim in a meeting with King and a couple of other ministers later in the day that Tories appointed by the government dominated the WPTB. This did nothing to improve the minister's standing in the eyes of the Prime Minister who later recounted that he "felt very worried with this discussion."

The Prime Minister's pressure on Gardiner paid off as Cabinet proposed an agreement confirmed by the two ministers. The Agriculture Department's Meat Board would purchase red and blue brand beef to a maximum quantity of eleven million pounds at 25 cents per hundredweight below domestic ceilings in the purchase area. Beyond that, beef would be purchased at 50 cents below the ceiling, with extra quantities being deducted from 1945 quota figures as by the time of the agreement, the Meat Board had already purchased half its original 1944 quota. The Department agreed to supply beef within ceiling prices to any region of the country experiencing shortages due to this pricing decision. Finally the Department could request a review of the supply position early in 1945, with the results deciding whether additional quantities of red and blue brand beef would be shipped to Britain at 25 cents below the ceiling.[55]

The settlement of the floor price debate produced a period of calm between the Board and the Department. An agreement had been established but constant consultation would still be required as the approaching end of the war stimulated the demands for meat exports. Traditionally the United States received most of the limited Canadian cattle exports, but for some time following the end of the war the great demand for meat would likely come from Britain and liberated Europe. Domestic meat rationing had been lifted in 1944 when sufficient supplies became available to alleviate shortages. However, as the end of the war approached the spectre of rationing loomed large to ensure the availability of sufficient quantities of meat for export to assist the European people. Previously, rationing had been imposed to solve distribution problems, but in 1945 its reintroduction would be a deliberate attempt to control demand.

The problem reached a head in June as Gordon informed the Deputy Minister of Agriculture that serious meat shortages existed in many eastern Canadian centres. Black markets might soon develop while the Department continued "to build up exports at the expense of domestic supply." 56. However, the Department did not agree that a shortage existed. Agriculture officials promised that necessary quantities of beef would be moved to specific shortage areas when the Board Chairman provided the required information. A bitter Donald Gordon threatened Deputy Agriculture Minister Barton that "failing immediate action to meet this situation I must inform you that this Board will be obliged to disown responsibility for the progressively worsening meat shortages which are leading to a serious and uncontrollable breakdown in the price ceiling through developing black markets." The truce had ended and war began again. Noting this renewed bickering, the Financial Post commented that the needed fivefold increase in exports ensured that both domestic and export needs could not be met without controls. The paper speculated that rationing would be reimposed. 57. The government reached the same conclusion, announcing a new ration in September, and after some opposition from retailers the plan began to work smoothly by October 1945.

Throughout the following year spot shortages existed but rationing ensured that domestic meat demands could be met by Canada's farmers. Another shortage occurred in early June 1946 but the Board solved that minor problem quickly. 58.

In general the meat situation demonstrated the difficulty of obtaining success with controls as long as conflicting interests existed within the government. The Board and the Agriculture Department each viewed its particular client group as primary in importance and did everything in its power to maximize the benefits to be gained for it from government policies. Such efforts produced continual bickering and disagreement with the situation degenerating into personal attacks and general distrust. Perhaps this might not have occurred had the two leaders been more interested in compromise. As it was, the disagreement produced frequent battles in Cabinet that flowed over into the public realm. This did little to promote public confidence and support for the price control programme. In fact it may well have subverted the government's efforts.

If fault could be apportioned to the Minister of Agriculture for his obstinance and ability to twist and distort facts and conversations to suit his purposes, the Chairman of the WPTB hardly remained blameless either. Continually prodding Ilsley to fight Gardiner in Cabinet, Gordon's pressure led to lengthy Cabinet battles that required the mediation of the Prime Minister. The decisions of Cabinet, frequently favouring the Board should not be taken as a reflection of the correctness of the Board's tactics or as justification for the Board's views. The government remained acutely aware of the need to support the Board to guarantee the success of the price freeze but Gordon's tactics in battling Gardiner rarely rose above the antics of the Minister of Agriculture. Neither man shone in the continuing controversy over beef and meat pricing and distribution, and as a result the government and the freeze programme suffered.

(iii) The Board and Farmers - The Battle Continues

Agricultural complaints about the Board and the control it exerted over the supply and distribution of domestic foodstuffs extended beyond beef and cattle farmers. The lack of representation of farmers' interests on the WPTB soon came to the attention of farm organizations and the official opposition in the House of Commons. There the Opposition argued that the Board could not reach decisions on farmers' future earning potential without direct, informed farmer input.[59] This criticism haunted the WPTB but it did not feel guilty enough about the situation to remedy it. Throughout the war the WPTB remained in contact with various boards and agencies within the Department of Agriculture and based its decisions on information obtained from those sources. With such an arrangement the WPTB believed it did not need the direct representation of farmers' groups. With numerous links at all levels between the Board and the nation's business community, the appointment of a farmer representative could have silenced some criticism, improved public relations and would certainly not have tipped any balances in the overall attitudes of Board officials.

Beyond this stumbling block the major concern of farmers centred on the supply of farm labour. With urban war industries paying excellent wages and attracting the nation's surplus labour, only a small labour pool remained as a source for agricultural hired help. A pay scale comparable to urban war industries would attract labour but farm wage increases required price increases to avoid operating with the barest of profits or at a loss. Naturally the Board opposed any price increases, producing a classic dilemma. If farmers could not attract necessary labour then production would fall, reducing supplies of foodstuffs. Either extensive rationing of food with the resultant growth of black market activities would result or prices would rise in response to supply shortages. Adding to this, farmers remembered the era of low prices and hard times of the 1930s. With other groups reaping economic gains from the war, farmers saw no reason why they should be held back.

Gordon noted all of these problems in a letter to Ilsley in mid-summer 1942 but cautioned that although farm groups suggested a price rise would alleviate farm labour difficulties, a very substantial rise would be required to effect major changes. He argued that the extent of price increases required to reverse the flow of workers from rural to urban areas "would lead to sharp advances in the cost of living and would upset the whole price and wage ceiling policy."[60] For this reason Gordon suggested the matter required a government decision. He had no specific suggestions to reverse the urban flow of labour but noted that the real difficulties would not come until 1943. Labour dislocations in 1942 would not substantially reduce agricultural production, but could produce chaos in the coming year at a potentially crucial point in the war.

A background paper accompanied Gordon's letter and indicated that approximately 10,000 workers a month were leaving farms for war industries. In response to such massive shifts in the labour force the government froze all farm labour in March 1942. The paper added that a bonus to agricultural labour or subsidies on certain products might encourage labour to stay on the farms. In summary it cautioned that "while no solution appears easy or satisfactory, it must be stressed that delay in grappling with the problem invites the most expensive and disastrous course of all - a general farm product price increase." [61.] In the meantime the Financial Post in August opposed a Board decision to subsidize wheat growers and allow price increases. The Post argued that the time had come "to pass these advances directly along to the consumer" and to accept the possible results, [62.] Despite the popularity of this view in some business and agricultural circles, the WPTB rejected it. The Post's reaction to the wheat subsidies however indicated that any general subsidy programme to stop the emigration of farm labour would meet stiff opposition within the country.

Over the course of the next year the opinion of senior government officials gradually solidified behind the idea of a guaranteed base price to producers for their commodities. Such a plan gave the farming community a guaranteed income. The minutes of an Economic Advisory

Committee meeting noted that "there was considerable discussion as to whether or not the Committee should recommend including the statement of a promise of guaranteed minimum staple prices for farm products. There was fairly general support for the inclusion of this item in post-war policy. Mr. Gordon suggested that it should be considered as an immediate step in wartime policy. He said there was not much risk in undertaking it now and it might have some real value with agriculture." 63.

Gordon could then point to this programme as an example of government assistance to agriculture in asking for the support of the agricultural community for the Board and its stabilization programme as no immediate solutions existed to the labour and machinery shortages causing hardship to farmers. As the Chairman commented, "neither .... can be fully solved without curtailing the direct war programme." 64. To help sell the stabilization programme representatives of an economic stabilization information committee tried to demonstrate to farmers that their standard of living and costs had actually been improved by the freeze. As well they stressed that farmers had a "responsibility for the common good of all and thus should do their share to support the WPTB and all other government controls to assist the war effort." 65.

Gordon believed the farming community had made substantial gains in real income during the war and therefore rejected any complaints about hardships caused by the Boards programmes. However, beyond this statement the government took no immediate steps to implement the floor price policy.

Meanwhile farm labour information remained highly contradictory. A memo to the Chairman from the Supply Division late in May 1943 indicated the major problem: "after listening to the views of various officers of the Department of Labour and investigating the available and potentially available statistics, and having talked to members of the Agriculture Department ... I am convinced that the true situation in the farm labour field is not known. Reliable factual data is not available, and the opinions of those who should know best vary so greatly as to what they think the serious aspects of the situation are, that no useful quantitative assessment can be made at this time." 66. Based on information such as this, the Chairman would be on shaky ground advocating any one response to the problem.

To counteract demands for agricultural price increases however, Gordon took his case to the public. In speeches to farm groups in Regina and Lethbridge early in August 1943 he emphasized the improvements in farm prices between the war's start and the imposition of the price freeze and noted that from the start of the freeze farm products led all commodities in the granting of price increases. The Research Branch of the Board prepared material to demonstrate that agriculture could no longer be considered a depressed industry, which Gordon gleefully brought to Ilsley's attention. Believing depressed prices to be a thing of the past by the end of 1943, Gordon resolved to resist subsequent price pressure from Gardiner for any agricultural commodity. 67. Meanwhile the Financial Post supported Gordon's position by commenting that wage increases and demands for increases in farm ceiling prices threatened the government's anti-inflation effort. 68.

The Agriculture Department support for any scheme designed to increase farmers' incomes remained constant through these months. That explained Gardiner's Cabinet fight in October 1943 to increase hog shipments to Britain and to offer greater subsidies to hog farmers to increase production. He pressed his case despite Cabinet skepticism leaving the Prime Minister to record that "Council was strongly against subsidies. They finally came to the conclusion better to send less hogs to Britain, also remove restrictions; allow prices to be improved for farmers and, in this way, help taking this means to retain the price ceiling. The Cabinet seemed well pleased with this decision. Gardiner obviously had been asking far too much. Ilsley expressed himself as feeling what had been done was what he thought at the outset should have been done." 69.

The Board found Gardiner's actions infuriating. Ample evidence existed of many price increases granted to farmers over the two years of the ceiling's life. Board economist J.F. Parkinson indicated in a brief on the agricultural situation prepared for the Board's Information Branch that "only in recent months that it has been suggested that the time has come to prevent any further increases in farm prices." 70. Up to November 1943 the Board sought accommodations with agricultural representatives whenever possible, and as 1944 began the WPTB planned to continue this policy realizing that only co-operation with agriculture could ensure maintenance of current production levels. With the prospect on the horizon of Canada providing food for liberated countries, there could be no thought of alienating the nation's farmers.

In the interim Gardiner continued his struggle to obtain subsidies for farmers producing commodities for export. Cabinet rehashed the issue in February 1944, forming a sub-committee to discuss the situation with the Agriculture Minister and his officials. As always, Ilsley leapt to the defense of the stabilization programme, arguing against any further subsidies. His position carried considerable weight with the Prime Minister, but the constant fight against Gardiner had sapped Ilsley's energies. Every couple of months Gardiner introduced new commodities or other elements into the discussion that served merely further to complicate deliberations.

Fortunately no such problems confused consideration of the establishment of floor prices. Gordon supported the concept but specific difficulties concerned the Chairman. The key problem remained the relationship to be established between the floor price and the ceiling price. Minutes of a Board meeting spotlighted the disagreement on the issue, commenting that "the view is strongly held by primary producers and in certain official quarters that the floor price should be the ceiling price. The Chairman disagreed with this view and expressed the opinion that a floor price should more properly be regarded as a 'stop-loss' price rather than a guaranteed price and should, therefore, be set somewhat below normal variations in price." 71. Gordon's opinion had not changed from a year earlier. As a result, the Board decided to co-operate with the Department of Agriculture in setting individual ceilings, without announcing overall floor-ceiling price relationships that might be applied to all commodities.

As always Gardiner had a response up his sleeve. When the Prime Minister returned from a trip to England in May 1944 Ilsley quickly informed King of "Gardiner taking very unfair advantage of him [Ilsley] in saying in Parliament that he, Gardiner, would work for a floor price, whereas at the time there was an agreement between him and Ilsley that they would see what could be worked out on a sliding scale or a flat rate. He said Gardiner may be right but he had almost begun to feel that he could hardly stay longer in the government when he was so unfair, and placed him, Ilsley, in such a humiliating position."72. Nothing had changed and nothing would. The Board and the Department held irreconcilable views on floor prices. As in the meat and beef situations, Gardiner directed his efforts towards maximizing the return for primary producers. From the other side the Board worked tirelessly to ensure the success of the stabilization programme. It would be gravely threatened by indiscriminate juggling with prices for primary producers of agricultural commodities.

In this struggle neither side would score a complete victory. Throughout the war each sought advantages for its own position with little recognition of the implications for the other group and its client interests flowing from the adoption of their proposed course of action. A stalemate resulted and caused continuing concern among senior Board officials. The personal animosity between Gordon and Gardiner coloured all events and led each to view the actions of the other with the deepest distrust and suspicion. Under these circumstances it is little wonder that so many issues remained up in the air. The relationship between the WPTB and the Department of Agriculture demonstrated intragovernmental bureaucratic infighting and petty jealousy at its worst and left a record that neither body could point to with any pride or feeling of accomplishment.

(iv) The WPTB and Quality Deterioration

Difficulties in maintaining the price-quality relationship and adequate supplies under the price freeze did not come as a surprise. As the squeeze between rising overhead costs due to labour and materials shortages and fixed selling prices became more difficult to absorb, deterioration in the quality of goods for sale provided one obvious method of relief. Corners could be cut and costs kept down for the goods would still be sold at the ceiling prices established for the original product. The Board watched these developments closely and naturally enough found quality deterioration occurring more frequently as the months passed and the freeze situation became more desperate.

One of the earliest indications of the problem came in a February 1942 memorandum within the Textiles Co-ordination. Pointing to the danger that some manufacturers might substitute inferior quality for existing production, the Co-ordination suggested a standards bureau be formed to certify changes in the quality of goods. With shoes, gloves and other articles of clothing, it would be very difficult to determine superficially if manufacturers resorted to inferior raw materials or workmanship to keep prices within the ceiling. The memo stated, "if the quality of consumers' goods is reduced as a result of the ceiling, a real advance in prices will take place, although they nominally will remain stable." 73. In the first year of the stabilization programme, however, the Board assumed correctly that there would be no need for manufacturers to resort to such evasion of the freeze.

Concern about deterioration again arose near the end of 1942 but the Chairman initially dismissed complaints as an overreaction by the public. He admitted that "there is some justification for this uneasiness but, on the other hand, I feel that the situation is very much exaggerated" but then bowed to public opinion. 74. The WPTB formed a committee to advise on ways to maintain standards of quality in goods, to provide an informal check on degradation of quality and to compare the quality and price of goods. The head of the Board's Information Branch, W.F. Prendergast provided an innovative response to public concern about declining quality. He suggested that "we need a spectacular approach to it. The one that I think most of is that we should take some really drastic step in the way of standardization for some textiles and use that as a springboard for propaganda that we are out to combat invisible price increases in the form of degradation. We need also to create in the public mind an understanding of the difference between depreciated appearance and depreciated servicability."[75] Admitting that degradation did exist was a neccessary first step in this procedure but in 1943 the Board would not make such a concession.

Instead Gordon formed a Standards Section within the Supply Division to consider matters relating to degradation of quality. In May 1943 the section proposed a license system for each garment in every manufacturer's lines. Board enforcement personnel could use this license number to check the quality of each good against an accepted standard retained by the Board. As well the section suggested that home economists be hired on a part time basis to perform random quality checks on clothing. They would pass potential cases of deterioration to Board investigators and enforcement officers for more substantial action. The Enforcement Administration accepted both suggestions as a first step in checking degradation in merchandise quality.[76]

Several Board officials at other levels then considered the proposal, producing a modified scheme in October. A label identified with a Board License number, a style number and the size of each garment would be placed on each product. The Administrator registered all numbers and the public could quickly lodge complaints merely by quoting the appropriate number to their local Board office.[77]

During these months the Board's Consumer Branch and Women's Regional Advisory Committees played major roles in fighting quality degradation and forwarding complaints to the Board head office. After examining many of these complaints the Branch's labour liaison officer for western Canada, Christine White, offered a new perspective on the deterioration issue to Branch director Bryne Hope Sanders. White suggested that "in many of the complaints reaching us about quality deterioration I have come to the conclusion that perhaps we have been at fault in not realizing that in many instances the problem is not one of degradation but of increased prices. An article sold at a low price may be a very good value even though the quality is not the highest. The same article sold at an unreasonably high price is a poor buy and consumers complain that quality has been degraded."[78] Sanders passed her own comments on to Gordon after receiving

White's views. She noted that "our present principle seems, in the minds of the public, to throw the onus back on them and to say 'you show us degradation'. This is exceedingly difficult to do for obvious reasons. If we had a full extended labelling programme, as already developed in certain of our administrations, it would be an important step forward in convincing them that we meant business." 79. In her opinion deterioration reflected public perceptions much more than it reflected reality. The public believed that degradation took place but had no means either to substantiate beliefs or prove them incorrect. Until the Board alleviated this problem across the broad range of goods for sale, complaints about degradation increased.

Through 1943 and much of 1944 the Board officially adopted the view that little or no deterioration had taken place. A major revision came in the summer of 1944 as pressure mounted for an admission that in fact substantial deterioration had occurred to cope with a continued Board **adherence** to an increasingly tightening price freeze. Despite the fact that he had taken the lead in denying quality problems, Gordon told a Board executive meeting in July that "the Board has to a large extent followed a policy of 'perfection' which in his opinion is wrong. Members of the public will not accept statements that no degradation has taken place when they know in fact that it has. He suggested that the Board must admit some degradation and at the same time should take all possible steps to improve the situation and should inform the public what steps it is taking."[80] The WPTB then created a Standards Division in August 1944 to examine price-quality relationships and preserve relationships that existed during the basic period. Its responsibilities differed little from those assigned the Standards Section in July 1943. It would co-ordinate efforts of Administrators to maintain base period price-quality relationships, would recommend any necessary standards, specifications or labelling programmes and would review Administrators' activities on quality deterioration, reporting the results to the chief of the Prices Division. Finally to assist enforcement and individual Administration personnel the Standards Division price-quality surveys of manufacturers, wholesalers and retailers.[81] These responsibilities assumed greater importance as the war progressed. The general demands of the war caused increasing havoc in efforts to maintain the price-quality relationship without significant deterioration in the quality of goods. A memorandum to all Price and Supply

Representatives from the Secretary of the Regional Offices Division in September requested increased vigilance by all Board employees to detect any changes in the price-quality relationship and to apply remedies.

Despite these efforts complaints grew in number, and frustrated consumers found no satisfactory Board response to their concerns. A perception developed among the public that nothing could be solved by bringing matters to the attention of the Board as it would not act to ease or eliminate specific difficulties. Many of these complaints centred on the short life of both clothing and shoes.[82.]

By 1945 Standards Division and Enforcement Administration personnel found a way to guarantee more effective surveillance and action on deterioration. Standards staff would compare price and quality relationships at the manufacturing level on a regular basis and passed information for detailed investigations on to Enforcement officials. They would also assist in black market investigations by the Enforcement Administration but all investigations concerning retail compliance would remain with Enforcement personnel. Finally Standards Division officials seriously considered decentralization across the country to deal with specific quality problems on a local basis.[83]

The reorganization of the Standards Division into the Standards Administration in March 1945 allowed many of these changes to take place. The Administration investigated degradation at the manufacturing level, sampled the price-quality relationship of consumer products before they reached retailers and surveyed specifications and marketing practices to maintain the desired price-quality minimum standard for each line of goods.[84] This task demanded vigilance to ensure that during decontrol and reconversion, industry did not significantly degrade the quality or raise the price of products sold in comparison with goods and price levels from the base period.

Overall the Board achieved limited success in preventing or reducing price-quality deterioration, but in practical terms officials could have done little else. By resorting to quality deterioration a manufacturer could absorb cost increases generated by measures beyond his control while still selling at the retail price ceiling level. It became the responsibility of the Board to control and limit deterioration as much as possible to prevent massive public reaction developing against the ceiling. In this task the Board might have received more popular support had officials publicly recognized the presence of deterioration at an earlier point in the war rather than steadfastly maintaining that nothing had changed. The public believed that problems existed with quality deterioration but had the difficulties facing manufacturers been clearly explained, they might have been more willing to accept some degree of quality deterioration in merchandise as the war progressed as one of the many sacrifices made in the name of future victory. On the other hand the Board believed any admission of quality deterioration might lead to further deterioration of goods by manufacturers. At least if quality deterioration took place in a somewhat clandestine manner, the WPTB could publicly boast about the success achieved by the retail price freeze. More might have been done on quality deterioration but the stronger the response by the Board, the greater the threat that such steps would inflict serious damage on the whole controls effort and most particularly on the ability of firms to stay within the price freeze. To limit deterioration the Board advanced subsidies to industry but adverse reaction to the doling out of public funds in this way also faced any officials who adopted this solution to quality deterioration.

(v) Balancing Business and Public Interest

Increasingly as the war progressed dilemmas faced the Board and its officials. No matter what solution administrators chose for a specific problem, further difficulties soon developed that necessitated new solutions yet again. By the end of the war the original control order had become a patchwork quilt of remedies pieced together to meet immediate problems all with one hope in mind: that Board responses would hold the overall price ceiling until the darkest days of the war had passed.

By the end of 1943 the Allies began the drive that would ultimately produce victory in Europe. Now time became the major issue. Buoyed by the confidence of military successes the Board slackened some controls and allowed upwards adjustments of price ceilings to take place. However the goal to the end of the war remained holding the overall ceiling as firm as possible.

The growing difficulty in maintaining the ceiling affected all aspects of the operations of the Board's Prices Division and related efforts on the price control front. As manufacturers' legitimate costs rose, subsidies had to increase to prevent either price increases that would pierce the ceiling or bankruptcies that could ruin the economy. At one point the consumer subsidy concept proved valuable in solving difficulties with food prices but this and the other subsidy schemes came at a great cost. This could be measured in plain financial terms as millions of dollars went to manufacturers, distributors, producers and retailers. Another cost was much more difficult to gauge as the various subsidy schemes undoubtedly benefitted primarily large manufacturers. To some extent officials sacrificed small manufacturers, distributors and retailers who might be caught in the squeeze. In the minds of the WPTB officials such a trade-off had to be made. By ensuring that the nation's economy emerged from the war in as healthy a state as possible the Board and the government hoped to give the country a strong economic footing for the post-war world. They believed that the overwhelming need for success in this venture necessitated placing all their trust and support in large corporations and retailers. A massive task of rebuilding Britain and Europe faced the Allies after the war. Canada had to be in a strong position to participate in this effort, and to the Board's credit its preparations allowed the nation to meet this challenge.

While the Chairman of the Board, Donald Gordon became "Mr. Price Control" throughout the country and his tireless efforts produced many of the Board's successes, his frequent obstinacy also produced credibility problems for the Board. Difficulties surrounded the validity of the cost of living index, the various schemes presented for wage control, relations between the WPTB and the Department of Agriculture and the **reluctance of the Board** to admit officially that in fact the WPTB frequently turned a blind eye to quality degradation practiced by manufacturers as a method of easing the squeeze and ensuring that they remained in business. The Chairman's stubborness when facing these situations discredited Gordon and the whole price control operation in the eyes of some Canadians who viewed the Board as not taking a sufficiently realistic view of national economic events and trends. Indeed in some areas room existed for compromise or for a reasoned explanation to Canadians of the practical realities of the situation and the response adopted by the Board. Too often the Chairman resorted to a mystical belief that with more public information and a promotional campaign the public could be mollified and would believe that their experiences in every day shopping and working lives did not exist.

However it came as no surprise that Gordon adopted such an attitude for it typified his manner in directing the Board and controlling all aspects of the WPTB's operations. Constantly informed of potential trouble spots, he had a hand in all important decisions made by the Board during his tenure. As price control and matters affecting prices played a crucial role in the success or failure of the ceiling effort, logically Gordon placed his greatest emphasis and influence in this area. In many respects the Board benefitted from Gordon's personal interest and role in decision-making, but on occasion his involvement produced the sort of hard-line decisions that may have been technically correct in the face of the existing situation but could have been modified in some unsubstantial way to make the end result a little more palatable for the general public. On occasion the Chairman lacked the touch and sensitivity that might have prevented some from turning against the stabilization programme in the later years of the war.

Nonetheless in most ways the operations of price control and related controls covering wages, subsidies and the supply and distribution of goods achieved the desired objectives of preparing and preserving the nation's economy for the post-war world. For that reason the Prices Division and price-related activity must be judged a qualified success, but not a success that might be recommended in other situations when inflation threatened a domestic economy. The price control effort demonstrated that even with the overwhelming sentiment of national patriotism behind controls, the public grew tired of the hardships and increasingly skeptical that all in society suffered equally.

At the same time the piling of problem on top of problem forced the Board to turn from its initial interventionist role, directing a massive switch in the nation's economic activity and attitudes, to a reactive role, responding to each crisis with a solution but at the same time well aware that this would only hold the floodtide for a time before something else would be necessary. Once the shift in Board activity had taken place from the offensive to the defensive, senior officials realized that ultimately the whole scheme was doomed. It became a race against time between the collapse of the programme and the end of the war. Fortunately for the Board and the nation's economy the war ended before the situation became desperate and while sufficient effectiveness and influence still remained in the controls administration to institute an orderly programme of decontrol.

However, it would be a mistake to suggest that in its efforts the WPTB effectively stopped inflation. The cost of living index may not have risen but at the same time it became increasingly less representative of actual changes in living costs in the nation. Its figures could not take account of quality deterioration or the rising price subsidies that Canadians would ultimately have to pay. The juggling of the cost of living index to avoid paying cost of living wage bonuses also degraded the value of the index's conclusions.

No matter where one looked in the price control operation, the situation had changed significantly from late 1941. Activities of the Prices Division, wage controls, the cost of living index and the enforcement of rules governing the supply and distribution of goods all underwent major changes that slackened rather than tightened the original scheme suggested by Walter Gordon. Behind these efforts was an attempt to make conditions as palatable as possible for the business community. As a result, by the end of the war a large gulf separated the rhetoric of the base period, price and related controls and stopping inflation, from the reality.

Efforts to manage the supply and distribution of goods on a voluntary basis helped ease some of the problems facing consumers while at the same time not placing an **intolerable** burden on the backs of the business community. The only area in which this co-operative spirit broke down concerned relations with farmers conducted through the Department of Agriculture. Here two strong forces, the WPTB and the Department met head to head, with neither one willing to back down an inch. As a result, rather than working together as business and the WPTB did. Constant bickering hurt the government, farmers and consumers, and limited the effectiveness of Board attempts to ensure adequate supply and distribution of foodstuffs.

Chapter Five

The Rationalization of Industrial Production

Given virtual carte blanche over the domestic economy, the WPTB did not wait long to take advantage of this power. On one level, administering price and ration controls, the supply and distribution of goods and services and overseeing the cost of living index, associated wage bonuses and the wage control scheme itself kept Board officials fully occupied. However, these controls really worked through co-operation between the administrators and the industries being controlled. As the examination of the control of prices and equitable distribution has suggested, on few occasions did the Board actually find it necessary to penalize business even when they failed to comply with WPTB regulations.

In general, the events of the war did not make a more stringent Board response necessary. The most desperate war conditions occurred in late 1942 but even then the WPTB only considered changing its tactics. At no point did the Board actually exert all its authority and force industries to comply with its orders. If the future of the nation had been threatened, the Board would have halted all non-essential production and switched as much of the country's industrial capacity as possible to munitions production. Such a curtailment of industrial activity would certainly have produced howls of protest, tempered only by the fact that in a desperate situation, such changes could help provide the means to defend the country. Although far from anxious to begin such a regimentation of industry, the WPTB did devote some time to planning for curtailment in case a turn in war fortunes made such a drastic measure unavoidable.

To some extent the demand for raw materials for war production halted non-essential industry even without WPTB intervention. As the war situation became more desperate in 1942 government priority allocations directed raw materials into munitions and wartime production at the expense of consumer goods manufacturing. For example, with all available steel allocated to munitions production, no excess remained to be used in the manufacture of automobiles, appliances and other consumer goods. Production of these goods, as a result stopped. This "voluntary" curtailment improved the situation somewhat but clearly would not be sufficient in itself.

However, the Board did not immediately begin to restrict non-essential industry but instead adopted an intermediate step. First it requested that commodity lines be standardized. This would reduce the number of models of each particular good produced. If manufacturers standardized production at the most basic levels, some raw materials used in fancier lines could then be transferred to munitions producers.

To implement this programme the Chairman sent a bulletin to all Administrators in January 1942. He praised those industries that had already instituted voluntary simplification efforts and then outlined the general policy to be universally applied by the WPTB. Each industry would establish an advisory committee on standardization and simplification staffed by members of firms within that industry. The Board Administrator for that industry would inform the Chairman of each standardization or simplification order produced under his name. Gordon cautioned Administrators to consider the effects that any action in their industry might have on other industries before acting. All standardization and simplification efforts had common goals. The WPTB wanted to obtain greater output from the human and material resources being used, wanted to reduce unit costs of manufacturers to limit the need for subsidies and wanted to ensure continued supplies of consumer goods while at the same time obtaining greater control over prices and costs. [1.] Rigorous application of standardization of production and simplification of lines and methods of production could achieve these objectives. However, reducing frills and encouraging industries to simplify raw materials acquisitions and products indirectly produced major shifts in corporate policies. The Chairman indicated that "costs incurred previously for reasons of competition, goodwill or prestige are becoming less and less justifiable under present conditions. Duplication of sales effort and overlapping of markets may be avoided in a number of cases."

The Financial Post immediately expressed support for the standardization, simplification and rationalization programmes. It proposed that merchants co-operate by eliminating costly marketing tactics such as expensive packaging and by improving their sales efficiency. As well style and colour reductions could generate further cost savings. The Post applauded all such attempts to assist the Board and suggested benefits could accrue to business from the programmes. The reduction in frills and extras necessitated by the war produced an economy and a nation better able to accept the massive adjustments that would be necessary during the conflict and in the post-war years.[2] Generally industry took the Post editorials to heart and made great efforts to reduce unnecessary costs under the guidance and direction of Board officials in the first months of the programme. WPTB supervision of all manufacturers within each industry allayed fears that manufacturers who participated in the programme would suffer by surrendering significant production and marketing advantages to their competitors. Little possibility of a revolt against the WPTB existed as long as all within an industry received equal treatment.[3]

To deal with these new requests directed to industry the WPTB established a Division to centralize and co-ordinate all simplification and standardization of the supply of services and the production and distribution of goods. Additionally this division reviewed subsidy payments or contemplated payments and suggested alternatives to subsidies that might ease situations when the supply or distribution of a specific good or service could not keep pace with demand. As well, advisory committees appointed for industries under the direction of the Board's Administrators maintained regular contact with the division.[4]

The Board and the government faced difficult days in the summer of 1942. Already on the defensive in North Africa, with the June invasion of the Soviet Union by German troops, Allied forces suddenly found another partner in their fight against Germany, Italy and Japan but the supply demands of the Soviets further taxed war industries. The **lightning** quick German advance through the Soviet Union left many in North America believing Russian forces might never recover. Under these circumstances officials in the Board and the government considered the possibility that their steps toward simplification and standardization might be woefully inadequate. All depended on the outcome of the Soviet and African campaigns. Defeats on both of these fronts would at best lengthen the war and increase the demands on Canadian munitions production.

Canadian business leaders, in close touch with the WPTB throughout the summer, read in the Financial Post in August of a new government scheme to concentrate the production of each consumer commodity for the Canadian economy in two or three plants. If the war situation became desperate, all other plants would be closed to free men and materials for munitions production. Post editors predicted that "with the increasing gravity of the war, and its increasing impact on the domestic front, it is doubtful, however, if some concentration of industry will be altogether avoided." 5.

Industrial concentration or curtailment had obvious benefits. Should the situation warrant it, the programme would have to be imposed quickly and decisively and the Board realized the need for speed under these circumstances. An interdepartmental group representing the Departments of Labour, Munitions and Supply and Finance (through the WPTB) began planning in July to channel labour into war industries if curtailment proved necessary. This was an essential first step for there would be little point in curtailing and concentrating industry if no immediate method existed to take advantage of the resources released by the move. Unless the Board could act quickly to exploit the situation produced by curtailment, considerable opposition from business, challenging concentration and curtailment efforts would quickly develop. The committee therefore initially established four categories of manpower priority:

> A. Essential firms or industries. This list will be confined almost entirely to essential war industries that are working practically 100 per cent on war orders.
> B. A high priority list which will include the names of all firms which have an appreciable portion of their capacity engaged in war work and all civilian industries which in our judgement ought to be in this group.
> C. This category will include all firms or industries not specified in categories A, B or D.

D. The low priority list. This will be a list of comparatively non-essential industries and occupations. 6.

In channelling surplus labour into new jobs, all openings in category A would be filled before category B jobs and so on. Thus despite any manpower problems, basic essential war production could continue unabated. This scheme could also alleviate employment difficulties among workers flooding into war industries from rural areas.

Finally, after weeks of rumours the Board announced plans for curtailment in late August. At a meeting of editors of trade and technical publications, officials outlined plans for the production curtailment of 400 non-essential items to divert raw materials to war uses. An accompanying order-in-council granted the necessary powers to the WPTB to begin an orderly programme of curtailment of non-essential industry.

This flurry of activity followed a speech by Mackenzie King on August 19 announcing the elimination of activities deemed non-essential. The Prime Minister stated that "in restricting civilian activity, the Wartime Prices and Trade Board will act in closest collaboration with the Director of National Selective Service, whose duty it will be to direct into the most useful channels the manpower released from non-essential civilian activities." [7] Following King's announcement Gordon met with industry representatives and all concluded that this new programme would require adjustments in government policies. Some at the meeting complained about the considerable wastage of manpower they believed existed in government and told Ottawa to clean its own cupboard either before or concurrently with the release of manpower in the industrial sector produced by curtailment.

Soon however conditions necessitated further direct action at the retail level. Retailing problems provoked much Board thought. By shortening store hours manpower could be released for reassignment and the consumption of some commodities could be reduced. The Board could legislate maximum hours per week plus evening closing times, but after considering the administrative problems entailed in such a scheme Gordon decided to take no action before the start of 1943. [8] Instead the WPTB restricted the establishment of new businesses to prevent the diversion of men to retail trades and other new activities and to limit increasing demands being placed on finite resources. Such a move appeared essential in the early autumn of 1942.

At the same time as the Board took its first steps towards exercising some of its new powers and responsibilities, events within the National Selective Service branch of the Department of Labour moved towards a climax. National Selective Service (NSS) grew from Cabinet Manpower Committee meetings in December 1941 and early 1942. That Committee, facing a deteriorating manpower situation and rising demands from Conservatives for conscription in early 1942 recommended three courses of action to the government: the closing of certain non-essential industries to men eligible for military service, the freezing of agricultural labour and the issuing of government restrictions on the employment of certain technical and skilled personnel required for war industries. To deal with manpower issues, the Prime Minister created the NSS in late March under the direction of Elliott Little, an industrialist serving with the Wartime Bureau of Technical Personnel. As well an advisory board composed of labour, management and government officials would assist National Selective Service personnel.

NSS officials registered all unemployed males by May and the following month an order-in-council prevented any man or woman taking a job without an NSS permit. Finally in September the NSS added all women between the ages of 20 and 24 to its register of employable Canadians.

Although the NSS assumed control of these matters, until September 1, jurisdictional problems existed between the agency and other branches of the government. Further regulations in September clarified the powers given to NSS. In future before any worker could quit or be fired, seven days notice had to be given to NSS. At the same time NSS would issue permits to allow employers to hire workers and to allow individuals to look for new jobs, limiting their search to single communities or industries if necessary. National Selective Service would do all the advertising for workers on behalf of employers and the agency could order any unemployed or underemployed individual to take a specific job. [9] Needless to say these regulations gave NSS almost dictatorial powers and put the organization straight on a collision course with the WPTB. To consolidate its position, the Board adopted the same tactics used in battles with the Departments of Agriculture and Munitions and Supply. The WPTB would direct its efforts towards the elimination of all influences that could restrict or threaten the scope of activity open to the Board.

Concurrent with the government's delineation of the responsibilities of NSS officials, Gordon realized the implications of the curtailment assignment handed to the Board. In total the rigid application of the curtailment programme would lead the WPTB to replace its reliance on voluntary action from industry with direct regulation by the Board. A larger bureaucracy would be required and the WPTB might have to eliminate industry participation in its activities. When a speedy response became essential, the Board could no longer be concerned with treating all industries with equality and a fair hand. Under such circumstances the WPTB and the government could easily become autocratic and authoritarian. For a Chairman and a Board still discovering the difficulties of regulating an economy spread across a nation the size of Canada, these revelations about the implications of the curtailment programme must have produced many sleepless nights. The only hope for the Board remained with the desperate war situation. As long as the Allies remained on the ropes curtailment plans met with the acceptance of business and the public. In the interests of the war effort Canadians oould hardly have responded otherwise. Gordon noted the key to success in the curtailment effort in the final sentence of an internal memorandum: "Labour must be firmly convinced of the necessity of these measures and assured of a voice in determining the procedures of transfer, substitution and curtailment if their support, which is so necessary to success, is to be obtained." 10. The Board turned to public relations to win labour's backing for without public support curtailment would be doomed to failure.

Shuffling manpower from industry to industry caused great concern for the Prime Minister. Little presented an NSS plan to Cabinet in late September that called for the reassignment of 350,000 men to war industries. The proposal **stupefied** King who later commented that "the document was an amazing one, setting forth in my opinion, a condition of things which, if followed, would create chaos in the country, and indeed rather than advance the war effort, make it clear that in aiming at the figures and in seeking to raise the numbers put forward the government would be attempting an impossible task." 11. Others shared his surprise at the scope of the NSS plan.

At the same time Gordon presented a more moderate method of achieving the same result. The Board Chairman suggested that the shuffling of manpower could occur at a gradually accelerating pace. This idea captured King's interest. He noted that "I thought the only sensible course was one of gradualness not in any sense being slow, but of meeting each situation in a way which would enable it to develop rather than obstruct from the start." At Cabinet King stressed the need for public co-operation rather than compulsion at all stages of the process. [12] A serious divergence of opinion existed. Gordon supported a gradual response to the demands for manpower arguing that the armed forces could not absorb the numbers of men contemplated in the NSS plan at the speed outlined by Little.

Responding to the NSS scheme, Gordon circulated a highly confidential memorandum to senior Board officials highlighting a possible scenario in the light of Little's estimates of manpower needs for munitions and other war-related industries. The Chairman indicated that "if a regular monthly total of 50,000 people are to be made available the dislocation of civilian supply and the pressure on the price ceiling will be much more acute in the next few months than if the total of 354,000 persons were made available by next May on an accelerating scale whereby the majority were available in the latter part of the period." [13] The sudden shift to war production contemplated by NSS in September would drastically limit the resources available for consumer goods production and adversely affect the efficiency of those left in that field. More lines and styles would be eliminated, leading to disruptions in distribution systems and price structures. Ultimately, the curtailment programme might destroy the controls effort. Widespread rationing would certainly be necessary as production restrictions on some goods would eliminate other articles that depended on those goods as raw materials for further production. Transportation problems would ensue as regions would have to be supplied with goods from regions that still manufactured specific products, disrupting the quality of goods and services available to Canadians. Finally compensation would have to be considered for industries ordered to shut down.

Even so, Gordon feared that the government might accept Little's ill-conceived approach. A meeting of Cabinet on September 29 produced the principles that would govern the WPTB in its curtailment activities. The Board was given responsibility for curtailing and if necessary eliminating non-essential human and material resources used to provide goods and services to consumers. If necessary the Board need only ensure the maintenance of the "minimum required for the health, efficiency and morale of the nation" to be met by "the most efficient use of manpower, materials, machinery, fuel, power and transportation." 14.

Armed with this decision the Board continued simplification and standardization. Individual Administrators developed short and long term recommendations for curtailment after consulting with industry advisory committees and forwarded these plans to the Board's Industrial Division. The Financial Post noted that Administrators recommended "restrictions of power, raw materials, style, production; concentration of industry; elimination of specified products; standardization of production; pooling of distribution; straight drafting of men by age groups or by skill groups." 15. All industries had to file curtailment plans with the Board by mid-October that would answer one simple question: "What would your industry do if you had to release manpower? If an industry replies by asking, 'How much manpower?' the official reply is 100%." 16.

The Board had no desire to strike unnecessary panic into the minds of the nation's businessmen but made absolutely certain that industry understood the seriousness of these requests. The success of the war depended on the ability of the country to free manpower for increased munitions production. At an October 5 meeting the Industrial Division concluded that the Board should move into full scale curtailment by October 15. As well the division's plans to compensate industries to be closed anticipated "that plants continuing operations would contribute to the maintenance and upkeep of those that had been closed. In this, it would need to be arranged that financial burdens would be considered legitimate expenses of nucleus firms and therefore deducted from taxable incomes." 17. In addition Division officials prepared a statement outlining the Board's involvement in curtailment. Based on King's August 19 speech the statement noted that Canada "has reached a state of full employment, both in manpower and productive facilities. Consequently, if our war effort is to be sustained or increased, transfers of manpower and productive facilities must be made from non-essential activities to meet the needs of war and essential civilian requirements. This conditions is implicit in an effort for total war so that the action now being taken in merely an emphasis in regard to timing in light of the progress already made in placing our economy on an all-out war footing." 18. The statement also said that if necessary the Board would be ruthless in its decisions with no avenues of appeal open to anyone.

Work continued in October as Administrators forwarded plans to the newly created Industrial Division. Working in conjunction with the Division of Simplified Practice.

Industrial Division officials developed a programme applicable to industries in different sectors of the nation's economy. Additionally officials refined the plans to compensate industries being closed through subsidies and the distribution of pooled industry profits among all firms originally in the field. The Board also considered grants to closed firms to keep their equipment in conditions to ensure post-war reopening and resumption of production. 19. All told, the WPTB made the contemplated closing of industries as palatable as possible for those involved, and demonstrated concern that these industries be given an opportunity to compete again once the immediate emergency had ended.

Just prior to the implementation date of October 15, curtailment plans hit some snags. The Financial Post pointed out that a press conference scheduled to announce initial curtailment plans had been postponed, and speculated about the sudden delay by hinting that "many industries clearly unwilling 'to slit their own throats' are said to be preparing stubborn resistance unless it can be shown (a) that the men so released will be quickly and promptly absorbed into essential industries and (b) that other groups receive equal treatment." 20.

As always, Grant Dexter of the Winnipeg Free Press offered a unique insider's perspective on the matter. Highly critical of all aspects of curtailment, on one level he believed it reflected a government surrender to the demands of the army for unnecessary expansion. Dexter advocated placing limits on the size of the army and on all groups demanding more manpower. He believed Cabinet did not adopt such a policy because in restricting armed forces manpower King would be vulnerable to charges of limiting the army to avoid conscription. Following the plebiscite in the spring King had pledged not to apply conscription until the voluntary system failed to fill manpower needs. As Dexter noted, voluntary recruitment still operated adequately, throwing the government into a dilemma.

Dexter reserved much harsher criticism for the curtailment programme administered by Gordon with the assistance of industry who helped prepare "the plans for their own crucifixion." [21]. Dexter extensively discussed the question with Sandy Skelton (the son of former senior civil servant O.D. Skelton, an advisor to successive Liberal governments) an economist with the Bank of Canada at the outbreak of the war who joined the elite group of economic advisors under W.C. Clark who floated between the Department of Finance and Munitions and Supply. Following his conversation Dexter reported to Winnipeg that "Sandy says that a great deal of tub thumping is being done by Gordon. Business is being told how it will writhe in agony, etc. etc. but nothing of any consequence has happened or seems likely to happen. The little fellows are going to be cleaned up but the big fellows will not be materially damaged." 22. The reporter suggested that in part the curtailment programme had been created to demonstrate to business what might happen if they continued their demands that the army be increased and that conscription be imposed. Was it all merely a scare tactic? As Dexter noted in late October, to that date the Board had not produced any plans after discussions with industry. He indicated that:

> it is notable that in every public statement and, indeed, in the order-in-council, the primary task of working out the problem on non-essentials and concentration rest with the industries themselves who are to bat schemes up to Gordon via the administrators. They were asked to get to work last August but so far not one plan has materialized. Sel. Serv. keeps asking about them and invariably is told that the problems are being studied, are in hand and so on. Through these channels which reach every business man in Canada, is being pumped the fact that these heavy demands for manpower are the result of over-expansion of the army. It is almost phenomenal the change which is coming over business leaders on the army question. Ardent conscriptionists of older days are suddenly discovering that they wanted conscription to control the army and keep it down. What the hell does this man Ralston think he is doing, etc. etc. This growing wave of revolt is very noticable and is reported from all sides. 23.

Could curtailment have been nothing more than a programme to force opinion leaders in the country to back down from their strident calls for conscription? Curtailment efforts did not grievously damage any industry as by the end of October no curtailment had been applied at all. The original target date for the commencement of the scheme had been too optimistic. By the end of October Gordon reported to Ilsley that Administrators were now ready to begin discussions with industry on immediate standardization and simplification plans and on future schemes for curtailment and concentration. Nothing would happen however until NSS provided clear indications to the WPTB of their manpower demands and demonstrated an ability to deal with the manpower transfers that would flow from curtailment.

In concluding a report to the Chairman, subsequently forwarded to Ilsley, Industrial Division head R.F. Chisholm raised for the first time a major difficulty with the whole programme in stating that "it may be that having done everything that can possibly be done in the way of civilian curtailment the results will be disappointing, because of the substantial curtailment which has already taken place and which is just now becoming apparent. However, we are approaching the matter with the best methods that we have been able to devise and if the methods are right, then the final results will be the maximum that can be achieved." 24.

An accompanying report on Administrators' plans on October 28 indicated that in a significant number of cases the curtailment plans devised to that point were inadequate, or would not release much manpower. A feeling of doubt and skepticism increasingly pervaded the whole project.

In fact Chisholm's memo indicated a significant policy change on the curtailment question. National Selective Service played the key role and the Board had concluded that until NSS could act it would be foolish for the WPTB to implement its detailed plans. This placed NSS officials in an impossible bind. When Little submitted his original estimate of 350,000 men to Cabinet, he knew that his demands exceeded the ability of the nation to respond. As Dexter commented in a memo discussing Little's involvement, "he was dumbfounded when Cabinet said that the expansion programme must stand approved and that he should go ahead - but without wrecking the economy. He has been back twice since then and got the same impossible advice on both occasions - which he finds completely baffling. Meantime agriculture and the submarginal farmers, plus the wheat farmer stays frozen and Howe has got his basic industries frozen -- thereby reducing the area in which selective service can operate." 25. By handing curtailment of non-essential industries and activities to the industries themselves the Board merely compounded the difficult situation facing Little and the NSS.

Obviously in cutting non-essential industries and services, businessmen would first release the least effective members of their workforce. By carefully trimming their labour force, industries could protect their most skilled and experienced men in order to maintain profits by producing goods at a rate possible only through the use of experienced labour. Thus the men to be released would be useless to the NSS. Why bother to shift workers into munitions production jobs if only semi-skilled or unskilled workers who would require considerable retraining to acquire sufficient skills for the assembly lines would be available for shifting? As well the Board froze workers in some occupations and industries and Little could not obtain their release. Finally after the Board completed its curtailment, Little and the NSS could not then cover the same ground in searching for required skills and demanding the release of certain men beyond those released willingly by industry. Everywhere he turned Little faced similar problems that prevented the development of the detailed plans for the relocation of released men. The Board in turn responded by refusing to implement its curtailment plans. It was a strange situation. Until the men were made available NSS could not act to relocate them but unless the WPTB curtailed non-essential industry few men would be available for relocation. Whether by design or by luck, the Board emerged from this dispute largely unscathed while the credibility of the NSS sank very quickly. This deadlock reinforces the notion that the government did not ever seriously intend to proceed with curtailment.

While these moves took place the Board ordered the continued elimination of non-essential products and services and the standardization of product lines. [26.] As well the development of long-term curtailment plans at least nominally continued. The Board stuck to this task without becoming involved in the growing battles over manpower policies between the Department of Labour and NSS. Throughout this dispute relations deteriorated between Little and Labour Minister Humphrey Mitchell. Little pressed for increased status and autonomy within the Department that would allow him to act as he saw fit without reporting to a superior. Among other demands he "wanted the right to review all the plans for concentration of industry that emerged from the Wartime Prices and Trade Board and he sought the right to take men away from industry, regardless of such plans, if manpower needs required it. Compounding matters was Little's dislike for Humphrey Mitchell." [27.]

The climax came in mid-November as Little met with Mitchell and Mackenzie King to offer an ultimatum. Either the government would accede to his plans for change or he would quit. The Prime Minister tried to smooth the waters between the two men but two days later Little tendered his resignation and Mitchell accepted it.

The turmoil surrounding NSS and its activities created considerable concern among some Cabinet ministers. Already in the throes of a seemingly never-ending debate with the WPTB about its relationship with the WICB, C.D. Howe used Little's departure to bring his views on the whole situation to the Prime Minister's attentinn. Telling King that public confidence in the government's manpower policy had been shaken by recent events, Howe suggested that "it seems to me that our vulnerable position arises out of creating in the public mind the impression that the Director of National Selective Service is a manpower czar, without responsibility to any Minister of the crown. I may say that I am worrying about a similar position in relation to Donald Gordon, although here we are dealing with an experienced public servant of a very high type." 28. Howe made no further comments on Gordon's activities and King chose not to respond to this opinion. As Gordon noted on the issue, it was "in a very chaotic condition, and for that very reason I have kept away from being drawn into discussion." 29.

Shortly after Little's departure Gordon reported to Ilsley the steps taken by the Board to meet an emergency manpower crisis. He stressed the changes that had taken place in public attitudes since mid-October, noting that:

> the events of the past few weeks, however have completely altered the atmosphere in which we were planning to operate. Doubts are being expressed on every side about the validity of the alleged manpower shortage. These doubts are not only prevalent among businessmen but are current in some Departments of Government and are being assiduously voiced in some sections of the press. Moreover, they seem to be the honest convictions of responsible people who would be prepared to support necessary action in our war effort, but who are no longer satisfied that the evidence in regards to manpower needs is conclusive. As a result of these developments I am certain that efforts by this Board to enforce any curtailment on a wide front will meet with organized resistance. To obtain action we should be obliged to issue arbitrary orders based upon our own assessment of what seemed to be practicable. If we are forced into this position I do not see how we can carry out your wishes that our curtailment programme be put into operation in an orderly and systematic fashion. 30.

Surely the Chairman knew of this resistance all along. In contemplating the consequences of curtailment, Board officials understood that considerable arbitrary action might be necessary for the WPTB had few precedents upon which to base the many instantaneous decisions that would have to be made. Adding to this charade, the Board had not adopted any curtailment plans or programmes. From mid-October there had been little activity directed at introducing a serious curtailment effort. The Chairman now suggested that if the government believed curtailment should proceed effort would be required to gain public acceptance and co-operation. Otherwise curtailment would meet considerable resistance.

In fact Gordon's letter indicated that the plans had worked just as envisaged. Talk of curtailment produced public questioning of the demands placed by the army on the nation's human and physical resources. From this questioning the government benefitted directly as pressure for conscription eased visibly. At no point did the Board seriously push industry toward curtailment plans. Memos still travelled through Board ranks but by November the Board had shelved any thoughts of curtailment.[31]

The Cabinet War Committee had directed the Board in September to investigate the situation and Gordon returned to the Cabinet in late November for further instructions on curtailment. At a War Committee meeting held to discuss the situation on November 27, a sharp divergence of opinion developed over the seriousness of the existing manpower situation. Some supported Gordon's views that no conclusive evidence existed to support contentions of a manpower crisis while others rallied around Defence Minister J.L. Ralston and argued that a serious shortage remained on the horizon. The Committee, after listening to both sides, referred the matter to the Cabinet Manpower Committee to sort out the relationship between the WPTB's curtailment plans and the activities of NSS. [32.]

The Committee quickly reached its conclusions and presented a memorandum on manpower to the War Committee on December 7, 1942. The report supported the WPTB and advocated no immediate action on curtailment beyond continuing simplification and standardization efforts. The Committee suggested that regional curtailment might be necessary in specific problem areas, but ended any thoughts of extensive curtailment of non-essential industry by concluding that "at present however it is impossible for National Selective Service to advise Wartime Prices and Trade Board when and where to prepare for curtailment of civilian industry in order to release men for the armed forces. WPTB knows the overall requirements and can assist civilian industry to prepare for the effects of military drafts and enlistments." 33. Thus Board curtailment efforts ended. The official policy adopted by the Manpower Committee contained two instructions for the Board. The WPTB should "(a) develop rapidly plans for curtailment of non-essential activity and be ready to put an extensive programme of curtailment into effect so that the result will be evident about March 15, 1943, and so that the momentum will increase as the year advances; (b) to put into effect immediately any of the plans which can be developed which will release physically fit males." 34.

The Cabinet War Committee considered and accepted the proposals on December 9, 1942. At that meeting Ilsley indicated a severe manpower crisis might develop in the spring of 1943 and cautioned that it would be foolish to begin curtailment until a sense of urgency about manpower existed in the country and extensive calls for military service had been made. 35. Board officials quickly passed the word among staff that there would be no immediate introduction of curtailment. Rather the Board would concentrate on the easier task of simplification and standardization. The head of the Industrial Division outlined the exact Board position on this matter a couple of weeks later. He said that "in discussions with various administrators I am being asked if there is any need to discourage or curtail production where there is a plentiful supply of raw material. In reply I felt I have had no alternative but to say that Board policy at the present time does not stipulate curtailment of production for manpower reasons, but only for reasons of saving in material or cost reduction to help operate under the price ceiling. And that all we require at this stage is some kind of a plan for curtailment which could be put into effect for manpower purposes if required." 36. For all intents and purposes curtailment died at the end of 1942. Without the imminent threat of losing the war, the complications were too great and the benefits too much of an unknown quantity to take such a gigantic risk of permanently upsetting the domestic economy.

No matter whether it was initially proposed for political or economic reasons, by the start of 1943 curtailment did not form an essential part of Board planning. An outside factor contributed to this change of attitude. The reversal of Allied fortunes in Europe and Africa helped shelve curtailment plans as the Allied military offensive eased the threat of possible defeat. However the Board had abandoned serious curtailment efforts well before the picture in Africa and eastern Europe became clear. Although military success might have ended conclusively all thought of curtailment, more likely political expediency sounded the death knell for the scheme. Talk of curtailment forced the nation to question the military's position on the number of troops required for the armed forces. This doubt in Canadians' minds produced a dramatic victory for King and eased considerably the pressure for conscription. Even in January 1943 the Board clung to the excuse that curtailment could not be achieved because NSS could not immediately assign men where they would be needed upon release from their existing employment. 37. That, of course, was not a wholly accurate depiction of the whole situation. Curtailment was an artfully staged effort that successfully dissipated conscriptionist sentiment. However it would only work once. If conscription demands rose again, the government would require a new response.

Replacing curtailment an Industrial Division memo in January 1943 suggested that future supply shortages would be met through simplification and assisting industries to continue the production of essentials with depleted staffs. The Price and Standards Divisions would help manufacturers reduce varieties, sizes, styles and colours of goods, limiting the need for subsidies while helping industries at the manufacturing and distributing levels to absorb squeezes in prices and labour.[38.]

Essentially this restated the original Board aims in promoting standardization and simplification, but to this point little of consequence had been accomplished in these fields. The concluding paragraph of the memo aptly caught the spirit of the efforts to date in suggesting that "the ballyhoo period of simplification and standardization is rapidly approaching an end. I feel we would serve our purposes better by confining our explanations of the simplification regulations and our presentation of the need for continuation of the same, to trade publications and business periodicals." Was the period of a lot of talk but little action about to end in response to real manpower problems arising in 1943?

Gordon observed the manpower situation with some concern, mindful of the predictions of severe shortages in the spring of 1943. Writing to the Finance Minister in late

March, he noted the faults of the original curtailment programme. It produced only manpower of little value to either industry or the armed forces. Stressing other points besides freeing labour Gordon now proposed a new tack. He wanted "a curtailment policy which seeks to adjust the industrial dislocations and difficulties arising from a loss of manpower (e.g. by direct draft or by compulsory transfer through National Selective Service to war activities)... A curtailment of the latter type would take the form of the readjustment of industry to assure the continuing of the production of essential consumer needs and would tend toward the best utilization of those unfit for war activities." 39. The WPTB Chairman's suggestion sounded suspiciously like a rationalization of existing production operations to allow large firms to continue operations. As with the other curtailment programmes small firms would be severely threatened by this sort of curtailment. However, Gordon went beyond this shift in curtailment efforts. He wanted a reallocation of responsibilities in the manpower field, giving the NSS responsibility for **acquiring** men and women for the armed services and war industries. The Board would only be concerned with manpower to the extent it created shortages of supplies and services for domestic consumption and export. The Chairman indicated "I am suggesting that actions by the Wartime Prices and Trade Board in relation to manpower are only part of the Board's program to assure essential supplies for the civilian population." Of course, standardization and simplification efforts would continue and the Board would maintain close contacts with both industry and NSS on production needs and manpower availability. Ilsley supported all of these suggestions, allowing Gordon to alter the relationship between the Board and the NSS. [40].

From a meeting with the Deputy Minister of Labour came a new policy. NSS would periodically give the Board lists of industries from which it planned to withdraw manpower. In return the Board would recommend labour priority ratings for these industries but without WPTB approval, NSS officials could not withdraw manpower from industries operating in non-military activities. NSS retained control of all surveys and actual withdrawals from industry of men needed for the armed forces and wartime production. The WPTB would ensure that sufficient supplies of goods and services existed for domestic and export needs. As Gordon's letter to the Deputy Minister of Labour stated "sometimes shortages of manpower may be the direct cause of a threatened shortage of supply and, in such cases, the Board may have to consider action by way of curtailment plans, concentration schemes or representations to National Selective Service for additional supplies for particular types of labour." 41. In the meantime, the Board continued standardization and simplification to release manpower, independent of any widespread NSS activities. This agreement solved the manpower dilemma. It outlined the specific tasks assigned to each agency and allowed the Board to turn all its efforts to simplification and standardization. It marked a successful conclusion to the Board's manpower involvement as it produced the results the WPTB had sought from the time it entered curtailment of manpower. In divesting itself of some responsibility the Board removed from its plate a source of continuing controversy both within the government and across the nation.

The renewed emphasis on simplification necessitated answers to a number of questions. Despite claims by the Chairman that simplification released manpower, an internal memo confirmed that the primary goal of the Board's programme remained not manpower relocation but materials conservation and easing the price squeeze. The Supply Division directed simplification efforts from February 1, 1943 and with the shelving of curtailment plans emphasized assisting administrators to secure maximum production from existing resources. Industries continued simplification on a voluntary basis until mid-1943 when the release of labour versus the conservation of materials became a major issue. The head of the Supply Division, M.W. Mackenzie, raised this dilemma in asking for directions on the course he should follow in future simplification measures. He wondered to what extent the release of labour should become the objective of simplification efforts and also asked if the WPTB planned to introduce standardized utility models of certain goods, abandoning national or private brands in the process. Finally he inquired whether simplification should become a way of reducing consumer goods prices below ceiling levels as industry opposed such a policy.[42.] Such questions suggested that up to June 1943 the Board had not tried to introduce simplification measures that might have met industry resistance. Rather it attempted only the easiest steps supported by industry. While not surprising in itself, such a conclusion challenges Gordon's belief in simplification as a means to generate manpower for the armed forces and wartime production. Mackenzie's questions in mid-1943 further support Dexter's analysis of curtailment as being little more than a lot of tub-thumping.

Two days after receiving the query about the future directions of Board efforts, Mackenzie received a detailed report outlining recent trends in simplification. It reported that orders introduced to date and backed by industry advisory committees did not try "to establish standard manufacturing specifications ... but merely tried to reduce competitive sales and distribution costs by reducing 'waste' of materials and labour ... War or utility models have been resisted by most Administrators, however, on the ground that their introduction would normally involve extensive machine change-over, the abandonment of brand preferences and a substantial disruption of normal marketing practices."[43] These actions had an impact on prices. Industries complying with Board requests to eliminate manufacturing and distributing frills did not find the ceiling price of their products lowered to adjust the costs of the eliminated frills out of the price structure unless the new product no longer retailed its utility value. This concession helped industries absorb increased labour and materials costs, declining labour efficiency and shortages of materials and labour. However without specific manufacturing standards quality deterioration occurred in some products, most notably in the clothing field.

As a result the elimination of procedures or products through simplification provided greater benefits to the nation's industries than to the war effort. On the prices front, simplification did not reduce subsidies or other CPSC payments. In fact, the study proposed that "in view of the obvious reluctance of an industry to surrender any part of a subsidy once gained, it would appear desirable if in future subsidies or price increases, except on primary products, could be delayed until a more thorough inquiry had been made into the simplification potential." Division studies stressed that simplification efforts had never been directed primarily at reducing manpower needs. Any manpower benefits obtained from simplification came as purely a secondary result. With voluntary simplification at an end, in future steps would be taken on orders from the Board's head office in Ottawa. If the Board pressed additional simplification, it could "'hurt' industry either through reduced sales appeal, restricted volume or complete prohibition of manufacture."

This study concluded that Board efforts had been largely superficial and cosmetic. In fact affected industries may well have benefitted from the simplification measures performed under the cover of serving the war effort. Further moves, however, would hurt industry.

Then the co-operation that had existed to that point might suddenly disappear. The Board and the government had therefore, to decide how much further to take standardization and simplification. The Chairman provided a clue to his thoughts when he shifted the Standards Section into the Prices Division early in June 1943. 44. It would now operate within a different section of the Board, isolated from the Simplification Section, making co-ordinated action much more difficult. This suggested the Board would take no further steps in either simplification or standardization. Fortunately major Allied advances in eastern and southern Europe occurred in the summer of 1943 just as the WPTB should have moved to the next step in simplification which required forced compliance rather than voluntary agreement. In a further shift of policy, Gordon created a separate Standards Division to safeguard the standards of quality of goods, rather than to assist industry to produce standardized products.

By the end of the summer of 1943 the Board's efforts in simplification assumed a routine pattern outlined in its quarterly report. In simplification, variations of several procedures had been adopted to meet specific situations. The WPTB requested industry to reduce the variety of products it produced through limiting the size, colour and model of the goods, as well as freezing existing styles and models. As well, the Board restricted the production of some specified products and introduced packaging economies through minimum order sizes and minimum quantities per container of goods. Non-essential features of products would be ended and in some cases, industry introduced utility products. As the quarterly report suggested, efforts at standardization and simplification have "made it possible to achieve considerable savings without necessitating extensive machine change-over or any excessive disruption of normal marketing practices." 45.

However some manpower problems continued to plague the WPTB, but Gordon faced serious problems of his own as attacks on the ceiling programme gathered force in the late summer of 1943. In response officials proposed some modifications to simplification policies. If the government decided to continue price control unaltered, the manufacture of all non-essential consumer goods could be eliminated and the market flooded with high volumes of standard, low-priced lines. This would produce very strong reaction from manufacturers and distributors and would "demand a very firm stand by the Government." 46.

As well it might encourage the growth of black market operations for luxury goods that sopped up excess purchasing power would no longer be available.

If, on the other hand, the government abandoned the freeze and substituted selective controls, then the Board recommended the introduction of production controls either by allocating raw materials or applying regulations at the manufacturing level. Under this proposal, a fixed percentage of manufacturers' production would be composed of lines that remained under controls. Such a system however would require a great expansion of the administration and enforcement staff to prevent cheating. One major problem confronted such a plan: "the tendency of labour to gravitate towards the higher wage industries which very often manufacture the largest percentage of non-essential goods. Unless the government were prepared to introduce a very stringent control over the movement of labour at the same time as it eases the wage ceiling, a programme of production and selected price control, if one can judge from the English experience, would have little chance of success." [47] Resentment felt by labour over WPTB interference in manpower matters accompanied any problems the Board might encounter if it adopted further simplification measures. Christine White of the Consumer

Branch reported to the Supply Division that labour believed that "the Department of Labour, through Selective Service and the authority vested in them directly by the Minister of Labour, is the rightful Department to make regulations concerning the disposition of labour." 48. W.H. Cranston of the Supply Division quickly replied to White's suggestion, by stating that "to the best of my knowledge, none of our simplification orders has been primarily designed 'to release' labour. It is quite true that the Industrial Division, as originally conceived, was to undertake such a job, but, as you know, this approach to the diversion of manpower from non-essential to essential work was dropped by the Government in favour of compulsory transfer legislation administered by National Selective Service ... To put it more directly simplification is one of the means used to maintain supplies of essential goods at ceiling prices in the face of material and labour shortages and increasing costs of each of the latter." 49. This interpretation of the goals of simplification stood for the remainder of the war.

In large part, simplification and standardization benefitted industry, sanctioning actions that might not have been possible in peacetime. As well it allowed firms to increase profit margins, for the Board did not adjust ceilings downward and in some cases cost increases did not eliminate the price differential that remained from the elimination of frills in the production of goods. In total the standardization, simplification and curtailment efforts of the Board benefitted both government and business. For the government curtailment provided an effective threat to industry designed to dissipate growing demands for conscription, but without taking steps that might harm industry. As subsequent Board internal correspondence demonstrated, the actual release of manpower through Board activities was virtually non-existent.

For business, the programmes operated to ease circumstances under which industries had to respond to the squeeze created by rising costs and fixed selling prices. Standardization, simplification and even curtailment became the means through which the government provided support for the reductions in the quality of goods produced by industries operating under the price ceiling. This gave industry needed relief from the stringent controls the WPTB had the power to apply.

However, curtailment in particular led to internal government battles as jurisdiction over the proposed elimination of non-essential industry remained in a confusing state. Frequently the WPTB and National

Selective Service squared off over the question of control of curtailment and manpower. With considerable influence with the government's senior bureaucrats, Gordon frequently emerged from these fights as the victor.

As a result, National Selective Service officials found themselves in an impossible position. They tried to find excess labour to divert to war-related production but the WPTB had no intention of **proceeding with curtailment.** The efforts of the Board in curtailment, standardization and simplification again demonstrated the desire of the WPTB to put forward an image of strong, decisive action, without acting to back up this impression with deeds. Voluntary actions by industry would be sufficient to achieve the Board's purposes. In fact when curtailment plans suggested the WPTB might have to act as an economic dictator, ordering and not requesting compliance, WPTB officials did their utmost to avoid having to introduce such a policy. Even the limited planning on curtailment that did take place occurred under the guidance of the industrial leaders being regulated through the various industrial advisory committees established by the Board.

Under such circumstances it would have been very surprising had any policy except one which assisted existing industries emerged. Clearly the WPTB had no desire to become a strong regulator and industry would not act to cripple itself. However, the minor steps taken by industry on a largely voluntary basis provided sufficient evidence of activity for the Board to proclaim its involvement and success. Had the war generated a need for imposed and enforced regulation of the economy, the WPTB with its close ties to the business community might not have been capable of responding adequately.

Chapter Six

The Rationing of Necessities

Price control led the Wartime Prices and Trade Board into a seemingly bottomless pit of regulation over the domestic economy. Some problems required the creation of special groups within the Prices Division or the formation of separate divisions in themselves. Steps taken to ensure the equitable distribution of goods in short supply provided one example of this sort of response. However, it quickly became evident that these steps in themselves would not solve basic problems as demands for raw materials and manufactured products came from both consumers and munitions industries. For instance, people required gasoline to get to work, or to power buses or other forms of transportation, but industry and, most particularly, trucking also required gasoline to carry raw materials and finished products to and from industry. Shrinking gasoline supplies would quickly bring to a halt the nation's munitions industries. The government faced a similar dilemma with rubber, needed for war production and consumer use. As well regional shortages of specific foodstuffs existed. Even rumours of impending shortages drove up prices and led to consumer buying runs. Temporary shortages of sugar, butter and meat resulted from the great demand for these products for use in family and commercial baking and food production.

In these situations the Board faced several difficult issues. Could the WPTB allow shortages to develop and work themselves out with the passage of time? Could it prevent shortages from developing? And what steps could be taken if and when the Board discovered the existence of shortages?

Obviously the answer to the first question was no. From the moment of its creation until the middle of 1944, the Board acted to ensure that munitions plants could constantly operate at maximum production levels. The unimplemented plans for industrial curtailment had the continued maximum production of munitions as a goal and the WPTB focussed attention on supply and distribution matters for the same reason. However in itself that would not be enough. The employees of munitions plants also required essential foods and other commodities. Some balance had to be found between materials required for munitions production and those needed for the domestic economy. Great quantities of any commodity could be removed from circulation and re-directed to the war effort, but the remaining quantities for public consumption had to be available equally to all in the nation. This involved the WPTB in dealings with the Wartime Industries Control Board in the case of raw materials and commodities, and with the Department of Agriculture for foodstuffs. It took lengthy negotiations with both bodies to produce operating agreements to cover goods in short supply.

In both cases the Board retained the power to allocate and distribute the share of the commodity available for civilian consumption. However limited supplies or the inability to produce more of any commodity raised serious questions about the advisability of selling the goods without a plan for distribution controls. Without such a scheme speculators or individuals who could afford to pay the most, might quickly snap up all available supplies, leaving others with nothing.

Board officials realized from the start of the freeze that rationing was the only suitable answer to this problem. However, major difficulties existed in launching such a programme. Rationing would increase the breadth and scope of Board operations tremendously and involve Board officials in a whole new series of functions, not the least of which was the enforcement of any new regulations for the controlled distribution of goods and services. Procedural questions also presented difficulties. How should a rationing programme be conducted? The mere announcement of rationing indicated that short supplies of a commodity existed. Could the Board respond to a speculative run on the remaining stocks before the rationing machinery could be put into place? As well, the introduction of rationing provided a perfect incentive for the expansion of the few black market sales operations that had already developed as an initial, but largely unorganized, response to the introduction of the price ceiling. If this movement gained momentum it could scuttle any attempt at equalizing distribution through rationing.

If the Board decided to impose rationing for selected commodities, officials could count on media support from publications such as the Financial Post. After spreading rumours of pending gasoline and sugar rationing in early February 1942, the Post took a firm stand on the issue, claiming that "we pussyfooted with gasoline last fall and we are doing about the same thing with sugar right now. Results in both cases have been identical. Warnings and rumours only led to runs and confusion with both these commodities. In a land of plenty like Canada, compulsory rationing may be a bitter pill to swallow but we cannot afford to waste a lot of time putting a sugar coating on that pill. The faster we get it down, the better we fight and the sooner we get back to good living again." [1] The Post argued strongly against the programme thus far conducted by the Board. Throughout the autumn of 1941 WPTB officials had noted shortages, realizing that the situation would become worse with the passage of time, but even with that knowledge the Board could not have immediately launched a full scale rationing programme.

First the public had to be convinced of the need for rationing. To some extent, this required allowing shortages or the talk of shortages to develop. The Board met this with a barrage of publicity requesting voluntary support for reduced consumption of these goods in short supply. Any move toward a rationing programme required this request for voluntary support as a first step. The possibility existed that this action might be sufficient to ease the shortage, but more important, it helped to create in the public mind the perception of the need for rationing.

Until the issuance of the Maximum Prices Regulations and the expansion of the Board to control prices throughout the country, no government organization existed to impose a rationing programme. This changed in December 1941, and early in 1942 the question of rationing faced Board officials. It could no longer be sidestepped.

First a specific branch of the WPTB had to be established to deal with rationing matters. However, the Board and, most specifically, Chairman Donald Gordon retained the ultimate power over rationing decisions. In this role Gordon faced many pressures. In addition to dealing with Agriculture and WICB officials, the Board closely observed rationing developments in the United States. Any American rationing moves would have a tremendous impact in Canada, for Canada would become a black market source for the much larger American market. As well, the failure to duplicate American rationing decision left the Canadian government open to the charge that Canada was not prosecuting the war to the maximum extent. It did not matter whether or not such a charge was true, for this perception already existed among a sector of the Canadian populace anxious because Prime Minister Mackenzie King would not impose conscription for overseas service.

As the war effort consumed more and more of the nation's resources, rationing plans would have to be further widened. With the United States moving into sugar rationing early in 1942, Canada had little choice but to follow. This American announcement didn't give Canadian officials enough time to put together a coupon rationing program. In the interim therefore, the WPTB introduced voluntary rationing by requesting consumers to limit purchases of sugar to three quarters of a pound a week. As economist R.W. James noted, the scheme was "described as the 'honour system' of rationing, although there were certain sanctions which could be applied to persons who were found to have not enough honour and too much sugar. As a makeshift arrangement the scheme was fairly satisfactory and did provide a breathing space for the organization of a system of consumer rationing." 2. A Board statement in February indicated that Canadians could expect rationing of sugar to begin in the near future as coupon rationing in the United States began on May 11, 1942. 3. A reduction in the voluntary ration followed before the government finally announced that coupon rationing of sugar would begin on July 1, 1942. It appeared that another commodity would quickly follow when the Finance Minister, J.L. Ilsley, announced on

March 11, 1942 plans to begin meat rationing, although he provided no specific date for the commencement of the programme. The mere announcement of possible rationing, however, immediately launched the Board into another difficult situation.

A commodity such as sugar, largely imported and refined by a small group of producers, could be easily rationed. With industry co-operation and support, a coupon rationing scheme could be introduced. Primary agricultural products presented a much more serious challenge. A multitude of producers operated across the country and their actions, by consuming more than their individual ration limit of meat, could quickly subvert the whole scheme. Not only would they be disobeying the ration order, they would leave less meat available for distribution to the rest of the nation. As well, the many producers, butchers and distributors of meat could easily supply a black market with goods and subvert rationing on a different level.

Not surprisingly, Gordon suggested that a specific government publicity and promotion campaign be mounted solely to deal with this problem. He feared that if the

Board demonstrated it could not handle the rationing of meat and other foodstuffs, there would be great pressure from the Department of Agriculture to take over the operation. [4.]

By late May, Board officials believed widespread consumer rationing lay on the horizon. Voluntary efforts had worked very well for, as the Financial Post stated, "even the most optimistic Price Board officials have been amazed how Canada's sugar consumption has plummeted down since the original announcement of a voluntary rationing plan some months ago." [5.] The results had been gratifying but little doubt remained that the voluntary programme would ultimately fail. The WPTB knew that only so much could be accomplished through a voluntary ration. Ultimately a coupon rationing system with accompanying supervision and enforcement costs would be required.

In early June, when Gordon informed Ilsley of the Board's intention to impose a coupon system, he noted that quiet preparation had been made for such a programme as "with the recent reduction in the ration allowed for sugar and the announcement of a ration on tea and coffee we have reached the conclusion that we should no longer delay an outright preparation for ration by coupon. It seems almost inevitable that other goods will shortly require to be rationed and that they will be of a character which will need the use of coupons or tickets." 6. Gordon then detailed the Board's plans. He would first outline the operations of rationing to the press and then to all Canadians on a national radio address. Coupon application cards would be delivered to every household in the country with instructions that each individual should complete a card. In urban areas, Board officials would travel from door to door to retrieve the cards while rural residents would send their cards to the nearest Board Regional Office. Gordon told Ilsley the Board had devised a simple incentive to ensure that all Canadians completed and returned their ration book application cards for "from these application cards the first sugar ration card will be mailed. As from July 1st, we shall provide that no one may purchase sugar without producing a ration card." The Board would follow up this initial card distribution by sending a ration book to every Canadian.

This programme operated only for consumer rationing but the Board also planned to ration goods for commercial and industrial users. These groups would be given purchase vouchers to use in obtaining their allocations of various rationed commodities. In this way total control over the specific commodities could be exercised by the Board and available supplies could be shuffled around the country to the region where they might be needed.

As always seemed to be the case, Board planning in May and June did not occur in complete secrecy. Stories leaked out about the coming rationing programme. Once the Chairman officially announced its implementation but before he provided details of the scheme, rumours spread that many goods would be subject to ration controls. Gordon clarified the immediate situation in a radio speech on June 17, 1942 emphasizing "that sugar is the only commodity upon which a decision has been made by the Wartime Prices and Trade Board to ration by the use of coupons. Any rumours that you hear about the rationing of other commodities by coupons are without foundation because the Wartime Prices and Trade Board has made no decision to ration any other commodities by the use of coupons or ration tickets." 7. Gordon may have been technically correct in this attempt to prevent panic buying by the public, but once the Board had taken the first step into coupon rationing, this type of control over goods in short supply would be used with increasing frequency. The

Financial Post saw through Gordon's pronouncement and bluntly stated "once the sugar plan is working smoothly and easily, it is taken for granted that other commodities will be added very promptly so that the extension of coupon rationing can be carried on with the minimum of confusion and expense and the minimum of queries." [8.]

The Post's analysis proved right on the mark as ration cards for coffee and tea soon followed those issued for sugar in late June. Not until August, however, did the whole system become fully operational. Early in that month the Board announced that by Labour Day a six month ration book would be issued to all Canadians to replace ration cards. [9.] The book consolidated all ration information into one publication. It also allowed the Board to ration other commodities as necessary which in turn generated another run on commodities. The public rushed to purchase clothing in Ottawa and soap in Toronto amid rumours that these goods would be rationed within the next month or two. The WPTB denied all these rumours but that did little to stop such suggestions from surfacing at regular intervals.

While the Board publicly quashed hints of further rationing, planning continued for the widespread control that many believed would be necessary. Rationing differed from other Board activities, and soon after the programme began officials realized that it would require special administrative organization. The 114 regional and local offices operated by the Board throughout the country would not be enough for the Ration Administration. Its representatives required a local presence to provide service to the public and to sort out minor problems such as lost books, the status of individuals under the scheme and the exercise of local discretion in individual cases. After considerable study of the requirements of the Ration Administration Gordon presented Ilsley with a novel solution, suggesting that the WPTB "set up Local Ration Boards, using municipal organizations as a basis on which to build. The Chairman of each Local Board would be the Mayor or Reeve of the community, the Secretary of the Board would be some municipal officer designated by the Chairman of the Board, while the members of the Board would be selected by this Board from a panel of residents to be submitted by the Mayor or Reeve. It would be a general plan to have a Board of five members representing the various classes of the community and including one or two women." 10. This concept solved many problems that might have faced rationing efforts. It recruited the leading citizens of each community into the rationing effort and ensured that they would support and enforce the regulations in their area. It gave women a voice in rationing at the local level, an essential move as in most cases women would be doing the shopping for their families and would also be doling out portions of rationed commodities in the household. As well, it established a Ration Administration presence in almost every community across the country.

Expansion would not be accomplished without some costs, and the Board offered to cover part or all of the salary of the municipal officials who acted as local Secretaries. All other local Board officials would be volunteers. The Board also hoped municipalities would provide space on a voluntary basis, but the WPTB would assume the operating costs of the 500-600 local offices that would be set up. As Gordon noted, "I would hazard a guess that the first year's operation would not exceed $1,500,000 to $2,000,000 including the full time salaries and expenses of twenty or thirty travelling inspectors." It would be money well spent he argued, for "there can be little doubt that the public generally will accept more readily a decision from a local authority than one dictated by a remote central authority." In this way, plans for the administration of rationing differed little from plans for the price freeze. The Board would establish a local presence and would use local citizens respected in their communities to regulate rationing.

While this planning continued rumours persisted about expansion of the programme. The Chairman attempted to dispel such notions in a confidential memorandum to all his officials on August 21, 1942. He told them that in the future, no Board officials would offer any comments on rationing, for he believed that even denials encouraged further rumours. Only Gordon or M.W. Mackenzie, who headed the Supply, Distribution and Rationing Divisions would make public statements. In the short term, Gordon would restrict the development of further rumours by issuing a statement to the press on the subject. The final sentence of the memorandum demonstrated the seriousness with which the Chairman took the matter. He stated that "A Board Order is under consideration to make it an offence subject to severe penalties for any person to advertise by any means or to circulate rumours in such a way as to cause public unrest or interfere with the orderly regulation or control of supply." 11.

However, nothing stopped the persistent rumours. Late in August reports circulated that railway travel would be restricted within the country to conserve fuel, equipment and manpower. 12. Editorial reports followed in the Financial Post suggesting that the gasoline ration, still administered by the Wartime Industries Control Board, would be cut, and the government would confiscate some private cars in the future to ensure that gasoline would not be wasted. Needless to say, such reports caused considerable consternation in the offices of senior Board officials. Any successes achieved in allaying public fears about rationing would be completely destroyed by such statements. Even worse from the Board's point of view, gasoline rationing existed beyond the power of the WPTB. Rationing efforts could only be harmed by rumours about the actions of an agency that existed and operated without any input from the Board.

Officials had recognized this problem and WPTB discussions with Munitions and Supply and WICB officials had been underway for several months in an attempt to bring some order to the government's distribution of regulatory powers over rationing. A meeting between Board, Finance Department and Munitions and Supply officials early in September 1942 touched on this question. At the meeting C.D. Howe, the Minister of Munitions and Supply, agreed that all rationing should be centralised under the direction of the WPTB. However, the two groups also agreed to make no immediate changes in the distribution of authority between the two regulatory bodies. If at some point in the future Donald Gordon believed he needed to take over the rationing of gasoline and tires, for example, he would inform Howe and discussions could begin. Although the Board did not achieve immediate success on this point, at least a system for dealing with critical materials had emerged from the discussions. In future the WPTB would determine civilian requirements and would requisition the necessary supplies from WICB Controllers. If the goods had to be manufactured for the Board, the WICB Controller would supervise this activity and the delivery of the goods in question to the Board. The WPTB would then be responsible for the allocation and distributions of the products to distributors and retailers. The agreement specifically stated that "all methods of rationing, whether by coupon, certificate or control of distribution shall rest with the Wartime Prices and Trade Board." 13. With this agreement the Board resumed consideration of the possible inclusion of other commodities and continued to administer the coupon rationing scheme for tea, coffee and sugar. The munitions and military requirements for rubber and gasoline suggested that for the moment, despite the confusion that gasoline rationing caused the overall rationing effort, the WICB should retain primacy in this field.

The rationing scene remained quiet throughout the autumn and early winter of 1942. Board energies centred on manpower, industrial curtailment and the general enforcement of the price regulations. Although there had been talk of meat rationing in the spring of the year, by December 1942 the Board had not moved beyond the talking stage as events in the United States exerted a major influence on any decision to commence rationing. At the end of the year, WPTB officials travelled to Washington to discuss co-ordinated action. Ration officials noted in the meantime in a weekly report that for meat, "the choice seems to rest between coupon rationing with the assistance of a coupon bank and the registration of all consumers."[14]. The establishment of a banking system in the United States, in which chartered banks accepted coupon deposits and withdrawals made the concept attractive to Canadian officials. A brief study indicated that a coupon banking system could be easily introduced in Canada, but the report noted that "at the moment we do not need it and if we ration meat without coupons, there is no immediate prospect of requiring machinery of this sort." In the interim planning and internal discussions continued.

Even with the lack of further rationing moves in the second half of 1942, administration officials remained very busy establishing local offices to monitor the rationing programme. By December almost five hundred offices had been set up and only a few remained to be staffed, chiefly sub-offices for communities within larger centres. 15.

No time existed for officials to rest for with the completion of this major organizational task in December the Administration confronted a serious butter shortage. Ration officials viewed the matter with grave concern and quickly formulated a plan, placing it before Cabinet and urging that the government take immediate action. 16. Not surprisingly, Agriculture Minister James Gardiner, noted for his intransigence when discussing agricultural matters, opposed the scheme prior to the meeting while Gordon and Foods Administrator J.G. Taggart urged the government to introduce immediately a butter ration. In anticipation of Cabinet acquiscence, the Board planned an announcement to the nation on Sunday evening, two days after the Cabinet meeting. Rationing would begin when stores opened for business the following morning. King outlined the need for a hasty government response to the WPTB's request, noting "if left over for a week, even for one day, shops will still be open and there will be a panic in the way of a rush in some quarters." 17.

With Gardiner absent, the Cabinet quickly adopted the Board plan supported by Ilsley, leaving the Prime Minister to call his Agriculture Minister and tell him that his wishes had been overruled. As King recorded, Gardiner responded in typical fashion. The out-spoken former Premier of Saskatchewan, "said he would have to consider whether he can stay in the government where one man can decide what is to be done and override the policies of the Department of Agriculture. He had reference of course to Gordon. Ilsley said his life has become intolerable with these continual fights with Gardiner." 18. The strains in the relationship between the two Cabinet ministers and between Gardiner and Gordon showed no signs of lessening over the following months. In fact the battles frequently intensified beyond political and policy differences and into personal antagonisms and dislike, producing further crises for Ilsley in his position as Finance Minister.

The decision to ration butter provided the Board with its first challenge on rationing matters. Tea, coffee and sugar had all been controlled fairly easily, as all were imported and distributed by only a select group of individuals and companies. The rationing imposed at the importer level could easily be passed through distributors and retailers to consumers. Butter directly challenged this method of ration administration in the same fashion as had the plans for meat rationing first considered in the early summer of 1942. Thousands of butter producers operated across the country and any group of them could subvert the whole scheme through black market sales. Would all in the chain from producers through retailers to consumers cooperate? Could the Board force compliance? Did the Board even have the manpower to check adequately throughout the country to ensure compliance with the ration programme? The Financial Post astutely pointed to these difficulties in discussing the butter rationing programme, and detailed the likely attitude to be adopted by the Board in the face of these problems, suggesting that as "adequate policing of producers being considered out of the question, the authorities, it is understood will largely rely on the honour system. They will trust the farm housewife to keep her family's consumption within the official ration limit and the city housewife to buy only through the regular trade and to release any hoarded stock on hand at present. If the results of this policy are satisfactory, the way will be paved for further food rationing when and if necessary." [19]

The whole rationing effort depended upon the degree of public support and compliance that could be marshalled for the programme. If the Board could not rely on the public to support voluntarily the rationing scheme, the programme had no future. Even operating at the local level, the WPTB did not have the personnel to force compliance upon everyone. It relied upon patriotism to encourage Canadians to live with any rationing hardships. Another argument in favour of compliance also existed, for if consumers did not support rationing, many would do without the commodity. The Board did not resort to such threats for fear of creating a new wave of panic purchasing by the public, but most people in the country realized that shortages would result from the failure of rationing. As with many other Board activities, by the end of 1942 officials knew that 1943 would be the crucial year as demands would increase for more widespread applications of the rationing provisions. How the Board responded to these and how the public responded to rationing in general would determine the programme's future.

A supportive editorial in the Financial Post at the start of the new year encouraged the Board in its efforts.

The paper's editors completely supported past and future WPTB efforts and bluntly stated that Canadians "welcomed the institution of coupon rationing on butter as an elimination of the chaotic conditions that existed in that market; there is no reason to believe that they will not welcome further rationing on other goods to obviate similar panic conditions in other directions. The government must be prepared to institute further direct rationing controls for the dual purpose of ensuring a fair distribution among all citizens and helping to relieve the load on merchants such as pressed on them during the panicky butter shortage." 20. In making this pitch for public support for rationing, the Post saw meat rationing on the horizon. Rumours of impending meat rationing had floated around the country for several months, but the likelihood of its introduction increased in 1943. In part the lack of any overall agreement between the Board and the Department of Agriculture to cover the actions of the two agencies in relation to foodstuffs led to public demands for rationing, but Canadians did not know that a Board-Department agreement would soon be announced. Without that knowledge, the Post speculated that further rationing of foodstuffs would occur.

Within the Board in early 1943 attention centred on the experience gained with the butter ration, where the Administration had achieved considerable success. Only initial short term shortages arising from breakdowns in the butter distribution system blotted the campaign's achievements. Ration officials realized the need to correct these problems before a complete collapse of the ration occurred. The Administrator therefore recommended to the Board Chairman that "now that the butter ration plan is in operation, I think it is very important that we should embark on an extensive educational campaign as there are many aspects of the programme - such as the control of dairy producers - which must be handled largely by a proper publicity campaign." 21. Unless producer co-operation and support for rationing could be guaranteed from the start, the programme would be in major trouble.

Despite initial successes, a survey a fortnight later revealed that the Board would have to reduce the ration to save approximately nine million pounds of butter by the end of February. In response officials cancelled two coupons originally to be cashed by the public during February. Canadians would have to tighten their belts but the Board believed the public would respond to such a request. 22. Undoubtedly the turn in Allied fortunes at the start of 1943 contributed to the lack of public outcry against the tightened butter rations. With the end of the war possibly now in sight, such a sacrifice would not be too great considering that peace might soon arrive. As well perhaps the recently established local offices helped ensure support for the tightened ration. Canadians saw their neighbours administering rationing and thus found it much more difficult to conceive of the whole effort as anything other than an honest effort to make supplies last as long as possible. In an attempt to delineate more fully the specific tasks of the local ration offices the Board sent a memorandum to all its regional and local offices explaining the duties of Board officials and ration officials. As the Deputy Ration Administrator commented "we now have a bill of rights that will enable us to build up a sensible field organization." 23.

Ration officials needed all the authority they could obtain from the Board as potential problems continued to mount in 1943. The weekly reports from the Ration Administrator at the end of January noted that April 1, 1943 seemed the most appropriate date to introduce meat rationing. Until this point the Board had not started rationing meat despite considerable internal discussion about the programme, as supplies had not fallen as rapidly as had first been anticipated. Gordon and senior Finance Department officials also knew they would face a battle from Gardiner when they brought forward rationing plans. There appeared little doubt, despite these problems, that the programme would be required but first the WPTB needed to launch some necessary ground work. The Administrator noted that "we have urged very strongly that the Foods Administration should proceed immediately to organize committees across the country who can assist in meat distribution. They are a necessary preliminary to rationing."[24]. On other fronts the Board appeared less anxious to act. Despite rumours of the impending rationing of canned goods Administration officials rejected this idea as a desperate supply situation had not yet been reached and furthermore canned foods occupied a low priority rating.[25]. The same could not be said for clothing as the Board's Research Branch developed an elaborate system for rationing clothing goods, but argued that first efforts should be made to increase supplies through simplification of garments being produced.

As rationing regulations increased in complexity pressure on the Board mounted to make exceptions or to grant reprieves to certain groups. For example, individuals working on jobs involving physical labour in isolated communities wanted a meat ration level higher than the average. The Ration Administrator raised this issue with his superiors "because of the supply situation and the impossibility of making any special allowances fairly. I am inclined to think that we should give more study to the problem. If any other commodities become rationed we will probably be forced to do something for the heavy workers." 26.

That solved one complaint but others remained. Many centred on a question the Board itself could not immediately answer. How could the Ration Administration control up to 70,000,000 ration coupons in circulation in Canada every month. The only solution appeared to be the introduction of a system of coupon banking in co-operation with the nation's bankers, as first suggested the previous autumn.

Such a banking system could be applied to two types of ration coupon users. Quota users who required rationed commodities to conduct business operated on one level, with each required to establish a bank account to manage his flow of coupons. Coupons would travel from consumer to retailers to wholesalers then to the manufacturer and the primary producer and finally to the Administration as each obtained supplies of the rationed commodity in exchange for coupons. Each quota user received a monthly authorization from the Board expressed in coupons and ration coupons became the standard system of measure for the whole banking system. After depositing his monthly authorization of coupons into his account, the quota user could issue ration cheques to any supplier based on deposits in his account. Initially quota users registered with a single supplier and obtained all commodities from that supplier, but success with this scheme allowed the Administration to ease regulations and permit users to choose their supplier of rationed goods.

To avoid administrative costs to the banks, quota users retained sole responsibility for maintaining records of transactions drawn on their ration account. However, they could not deposit consumer coupons into their ration accounts, nor could a quota user take consumer coupons to purchase extra quantities of rationed goods. All consumer coupons had to be returned to the Ration Administration for cancellation.

In addition to this programme another level of banking operated specifically for retailers who distributed rationed commodities to the public, and who in return received consumer ration coupons. The Board split this group, composed mostly of retail stores, into three categories.

Retailers with monthly food sales in excess of $5000 had to have a ration account. Those below that level who received meat ration coupons could obtain and use Ration Transfer Vouchers to move their coupons into the bank without having to establish a formal ration coupon banking account. The remaining retailers would continue to forward collected coupons to their suppliers, as they had done in the past.

For the first group, banks established separate accounts, if needed, for butter, tea, coffee and sugar. Retailers deposited the sheets of consumer ration coupons they received into these accounts and obtained credits in return. They would then order replacement stock from suppliers with ration cheques written from their accounts. Under these circumstances banks would supply retailers with balance statements and cancelled ration coupons, which they retained for presentation to the Board if requested.

When the second group of retailers received a minimum of one thousand ration coupons from consumers they forwarded the coupons to their bank and received a Ration Transfer Voucher in return. This voucher would be given to the merchant's supplier when purchasing new quantities of the rationed goods. The initial minimum of one thousand coupons severely limited the number of retailers who could operate with vouchers but Administration officials believed that in time the minimum could be lowered to allow a wide cross-section of the nation's merchants to obtain goods in this fashion. Some used the banking system but many retailers continued to present their coupons to their suppliers affixed to specifically provided gummed sheets in exchange for rationed commodities.

The Management Services Branch of the Board published a pamphlet outlining the ration banking programme and promoted the rationale and operations of the new system in the first few months of 1943.[27] Banking provided an imaginative solution to the problem of coupon control for although the potential for administrative mistakes that could throw the whole programme into chaos certainly existed, the Board required an orderly method to deal with masses of coupons. Otherwise the proliferation of counterfeiting and other means of avoiding the ration could destroy the whole programme. In selecting a banking system, the WPTB adopted a procedure familiar to the nation's retailers and hoped that this familiarity would encourage speedy acceptance of this plan to control coupon flow while it remained at manageable levels.

With the coupon banking programme in its preliminary stages, the Board assembled a comprehensive survey of rationing efforts in March 1943. This internal document outlined the reasons for rationing, stressing that its adoption came "only as a 'last resort' procedure to achieve equitable distribution of reduced supplies of essentials. Consumer rationing is only justified in respect of the essentials of life and it would be prejudicial to the whole organization, in addition to involving unjustifiable expense, to include in the rationing programme any product which is non-essential, or on which there was a wide divergence of opinion on essentiality." 28. Before beginning rationing of a product the Board considered whether such a move would improve the existing system of distribution and what the psychological effect of rationing the commodity in Canada might be in comparison with its status in the United States.

By mid-1943, the survey went on, rationing encompassed several types of commodity control. Coupon rationing operated for sugar and butter, while group or point rationing controlled purchases of tea and coffee. An individual could choose to purchase just tea or coffee or a mixture of the two providing the total amount purchased remained below the ration ceiling. The subsequently introduced clothing ration operated in a similar fashion but with more complications because of the number of goods involved. Meat rationing when instituted included fish and other similar foods and operated on the points system. Each consumer would be allowed a maximum number of points per month and chose the meats or fish he or she preferred within that points system. Each type and cut of meat had its own point value that the customer accumulated when purchasing that commodity. Finally the Board issued permits on a priority basis to ration some goods such as farm machinery. A Board agent determined if an individual had the required priority need for machinery and then issued any permits based on that decision. An alternative method of rationing would have provided different quantities of goods to various groups in society but the Board at least initially, rejected this concept. The report commented that "until the rationed allowance of any commodity is substantially lower than normal consumption the complexities of differential rationing should be avoided."

In conclusion the Board's officials noted that Canadians' overwhelming public approval of rationing suggested that they would support further measures if necessary. The report suggested that two factors accounted for this support. The Board had been quite successful in convincing the public that the WPTB introduced rationing of any commodity only as a last resort. The Board's operating practices also made it easy for the public to support rationing for "the Board leaned toward simplicity in ration systems in the belief that although this may produce only rough justice, it is preferable to the more complicated systems being adopted in the United States which in theory should produce more equitable distribution. It has been the view that in a country unaccustomed to consumer rationing the introduction of elaborate systems would break down."

By the late spring of 1943 the growing complexity of rationing led to an adjustment of powers within the Administration, outlined in the final edition of the weekly reports on consumer rationing in Canada. The Administration split into two branches with an organization division dealing with all procedural matters at head office and in the field and an approvals division to handle contacts with the public. Additionally some specialized sections would remain outside the two new divisions. [29]

Accompanying these organizational changes the Board prepared to begin meat rationing. Shifted from an original starting date of April 1st, the Board scheduled a major announcement on the plan in Toronto on Saturday, April 17, calling farm editors and women's editors from agricultural newspapers to attend a special briefing on the effects of meat rationing on farmers that afternoon. The Board held another meeting in Toronto the same weekend to outline meat rationing to home economists and daily and weekly newspaper officials. 30.

Farmers played a key role in meat rationing. The Board had to exempt butter producers from the ration in the knowledge that a substantial extra amount of butter would not be consumed but it could not apply the same logic to farmers and the meat ration. Facing a more serious supply situation than with butter, farmers would be expected to adhere rigidly to the ration limits. The Minister of Agriculture could assist greatly in promoting the ration for, although cantankerous on other issues, Gardiner indicated that on rationing he would be "willing and anxious to sponsor or assist in any way." 31. Likely his support for rationing stemmed from a belief that reductions in domestic consumption would increase supplies of meat available for export. This could benefit farmers who could obtain higher prices for exported meat than for meat sold under the ceiling in the domestic marketplace.

The Board, however, continued to delay imposing rationing until it proved absolutely necessary. Officials first passed orders proclaiming meatless days to reduce voluntarily national consumption levels but by the end of April 1943 the waiting and juggling had reached an end. At a Board meeting the Chairman stated "that it might be necessary before the next Board meeting to put into effect the Order providing for meat rationing." 32. On May 18 the Chairman informed the Minister of Finance that meat rationing would begin on Thursday, May 27, almost six weeks after the original target date. As Gordon stated, two difficulties had delayed the rationing programme. "The first was a number of unexpected complexities connected with the calculation of the formula governing the flow-back of coupons from the retailer to the slaughterhouse. The second was the necessity of reaching agreement on government policy with respect to beef prices. We felt it would be inviting trouble to embark upon actual rationing before the basis upon which the government would support the cattle market had been decided." 33. The delay had provided the Board with a major advantage for many groups had been consulted about the meat rationing plan prior to its introduction and most agreed on the system proposed by the Board. Labour, farm groups, slaughterers, packers and retailers all offered their comments in developing, in the

Board's opinion, "a method of meat rationing that is both fair and practical and as simple as it can be made." 34.

The public announcement came shortly after Gordon's letter to Ilsley, followed by the forwarding of ration information to butchers and announcements published in newspapers across the country on the weekend prior to the start of rationing. Overall the introduction went very smoothly with Board officials noting with satisfaction how their experience in previous rationing efforts paid off in introducing meat controls. Data replaced these subjective feelings of satisfaction in the first few days after the start of the programme as the Deputy Ration Administrator, H.I. Ross reported to Gordon that "there had been a rush of buying in the last few 'free' days so that butchers opened on the first day of rationing with no meats and very few customers. There was very little complaint about this situation as everyone appeared to be quite satisfied to have a breathing spell to study the plan. It does not appear at this stage as though we are going to run into any important technical difficulties. Probably our next worry will be the pressure on unrationed alternatives to meat and I suppose this may be expected to fall first on offals, then on poultry and then on eggs and cheese." 35. The only significant subsequent change in the plan concerned the elimination of any distinction between farmers who slaughtered meat at home for their own use and farmers who purchased slaughtered meat. 36. This simplified regulations and ensured equal treatment for all farmers.

Nevertheless meat rationing led to rumours that other commodities in short supply either in specific regions or across the whole nation would next fall under rationing orders. The media constantly pressed Board officials about shortages and the use of rationing to combat specific difficulties. As a result the Chairman clarified the situation for Board officials, in a bulletin on June 8, 1943 that detailed Board policy and requested total compliance from all employees.

Gordon told Board staff that in responding to press queries "we say that we long ago decided not to comment on such rumours because any comment gives wider circulation to the story. Moreover, the 'buying rushes' which usually follow the publication of such stories could force action considered highly inadvisable. Then we appeal to the reporter to co-operate and remind him that the editors have all undertaken to co-operate. Usually this gets the desired results." 37.

Despite efforts to limit rumours of shortages and rationing moves, agitation for Board action on certain matters continued to build. One outburst at the end of June concerned demands, particularly from western Canada, for sugar ration increases to cover home canning and preserving of fruits. As a report to the Administrator noted, not only the press and the public closely scrutinized the Board's rationing activities. There also appeared to be "an 'open season' in the House of Commons on the Board in general and the Ration Administration in particular. Numerous inquiries are being constantly raised by members, requiring accurate and instant information." 38. Providing responses to these questions occupied several Board officials, for all answers had to be prompt and complete. The Board could not afford the negative publicity that might flow from shoddy work in this most vital aspect of public relations, for each time Members of Parliament questioned rationing decisions, public skepticism about the equality and necessity of the programme increased.

Meat rationing also marked an important shift in Board policy. When supplies of an essential commodity such as meat reached the stage where rationing became necessary, the federal government had implicitly recognized that available supplies simply could not match demand. Consumer demand could not be met while at the same time keeping pace with demands for meat and butter from the armed services and from Canada's wartime allies. It would have been politically and morally impossible for the government to eliminate any of these groups from access to essential commodities such as meat and butter and therefore rationing became the only alternative to prevent supply and distribution chaos. Under these circumstances, the Board carefully and thoughtfully planned actions in meat rationing for failure of any individual rationing programme would emperil the whole concept of rationing as a means of solving supply and distribution problems. Critics would have a field day attacking the Board and its position would be very difficult to maintain without backing down on other rationed goods.

For these reasons senior Board officials closely followed the first days of meat rationing. Discovering the first of the expected black market violators, the Board responded swiftly. Ross informed the Chairman that "we think special efforts should be made on these cases as a few convictions at this stage would have an extremely helpful effect." 39.

By late autumn the situation had almost completely reversed itself. Although shortages still required meat rationing in eastern Canada, a Ration Administration tour of western Canada presented a starkly different picture. As a memo from Ross to Gordon noted, three matters required immediate attention:

> (a) packing houses are heavily loaded with meat and storage difficulties may arise at any time;
> (b) consumers, retailers and wholesalers all appear to have surplus coupons. This indicates that the ration is too generous, or that our control is less effective than we had hoped. It also appears that our arrangements for providing buffer stocks were too generous;
> (c) a number of quota users are obviously using meat at a higher rate than their quota will provide which should mean that in the next two months we will run into a number of cases in which these operators will be out of meat. We have already announced that we will hold the line firmly, but this attitude may be somewhat hard to maintain if there is known to be a surplus of meat in the country. 40.

Few alternatives faced the Board. Either it could increase meat supplies to Britain, relax the ration or eliminate it entirely. Evidence suggested that the ration could be eased in western Canada but the Board had no desire to impose different degrees of rationing for different parts of the country. Such a scheme could only encourage black market smuggling of meat into the areas with the more restrictive ration. Only a scheme universally applied across the country could be enforced and supported by the Board. At the same time, the WPTB could not even consider ending meat rationing as long as shortages existed in some sections of eastern Canada. Increasing the exports to Britain seemed the only way of draining off excess supplies in the west. Perhaps Gardiner had been shrewd after all in supporting rationing in the hope that it would improve export possibilities. However, the Board did not make an immediate decision on the matter, preferring to see whether the excess supplies in the west would continue or decline in the immediate future.

By January 1944 the Board realized that rather than dwindling, meat supplies continued to mount which led to rumours that rationing would either be abandoned or at least temporarily lifted. Even to contemplate such action the Board needed to be absolutely certain that sufficient supplies of meat existed to ensure lengthy regional shortages would not result from the suspension of the ration. As well, suspending meat rationing could produce a hostile response from the United States, where no thought of ending controls existed.

The Board's Washington representative, A.F.W. Plumptre, heard the rumours in early February and responded with a cautionary letter to Chairman Gordon. He made five succinct points in opposition to any change in the ration:

> 1. That abandonment of meat rationing in Canada would cause widespread and unfavourable attention in the U.S.A.;
> 2. That this office of the W.P.T.B. has not received any convincing reasons to pass on to Canada's friends in Washington why the Canadian meat and butter ration should be substantially less rigorous than the American;
> 3. That our friends in Washington are therefore in no position to defend our action if we discontinue meat rationing;
> 4. That such action would accordingly accurely embarass those U.S.A. officials who are attempting to keep food supplies from U.S.A. to Great Britain and other countries from falling to unreasonably low levels;
> 5. That British officials in Washington would be deeply disturbed by the impact of our action on U.S. opinion and probably on U.S. policy in respect of food exports. 41.

Plumptre's points were all well taken and should have received serious consideration by the Board, but in reply the Chairman lightly dismissed any thought that rationing would be lifted. He suggested that the whole rumour had developed from a reply by the Minister of Finance to a question in the House of Commons. 42. Gordon encouraged Plumptre to forget the whole matter and promised to advise him if the situation altered in the future. In this response the Chairman deliberately deceived his Washington representative. Gordon knew of the government's serious re-evaluation of the whole meat rationing programme and that suspension of the ration remained a possible means of reducing excessive meat supplies. Perhaps the Chairman did not wish any rumours to spread about the end of rationing or perhaps he honestly believed that the government would decide not to suspend rationing. No matter what the reason, Gordon's failure to be frank with Plumptre later would prove costly to Canadian-American relations as the Board's Washington representative spread the word that there would be no change in Canadian meat rationing.

Despite Gordon's reassuring words to Plumptre, in the second half of February 1944 the Cabinet War Committee had considered the abandonment of the ration. The crucial meeting came on February 28. Cabinet discussed the impact of a Canadian suspension of the meat ration and concluded that the "U.S. would find it hard to retain their rations when we abolish ours." [43]. For this reason, Canada should continue rationing, but to do this the excess meat supplies would have to be shipped to the United Kingdom. With submarine warfare raging in the Atlantic, and available shipping needed to send out goods to Europe, the excess tonnage required to ship meat to relieve Canadian regional surpluses did not exist. The Prime Minister concluded in his diary that "quantities of meat - of beef - is accumulated owing to bottlenecks re shipping which raised questions of the use of army formations to assist loading ships. The real difficulty has been securing convoys. One side of the argument was a certainty of supplies of meat deteriorating if kept in quantities much longer. Decision therefore to suspend meat rations." 44.

All evidence pointed to an adverse response in the United States to the Canadian suspension of rationing but the real stumbling block came with the timing of the announcement in the two countries. The government provided the Canadian Ambassador in Washington, Lester Pearson, with a specific time to announce the suspension of the ration, but prior to the official statement news of the lifting of meat rationing leaked onto the wires. As Pearson acidly commented in a subsequent telegram to Ottawa, "we have enough to do here without wasting our time in this way but it is probably not so important as the fact that it made our W.I.B. office look pretty ridiculous in the eyes of the press here whom it is supposed to help." 45. The early release of the suspension announcement resulted from the WPTB's attempts to inform the American Office of Price Administration of the Canadian decision. Douglas Abbott, the Parliamentary Assistant to the Minister of Finance, received a call from a Canadian Press reporter eight hours before the scheduled announcement, asking for verification of Washington rumours on the suspension of meat rationing. Mr. Abbott replied that he intended to make a statement on the matter that evening and newspapers broke the story later that afternoon. The overall handling of the situation with the O.P.A. enfuriated Donald Gordon, who informed Plumptre:

> In the case of meat rationing I think the O.P.A. authorities showed bad faith. When we had given them advance information and stressed that it was to be regarded as confidential until 11 pm Tuesday evening they used that information to hurriedly enlarge their own rationing, and announce it in advance of our statement. So far as I know they did not tell us what they intended to do in that connection, so it is apparent that advance information is a one-way street. Furthermore, the Washington press were obviously informed on the story by early Tuesday afternoon ... In my present frame of mind, (from which I suppose I will recover) I have no intention of trusting the United States authorities again with advance information in regard to changes in our rationing plans. 46.

Gordon also directed comments in a bluntly worded letter to the Under Secretary of State for External Affairs, Norman Robertson, stating that "I object strongly, both to the language and the implications of Teletype W.A. 1232 from Mr. L.B. Pearson, in respect to the handling of the meat rationing story. We have very good reason to complain about the 'break' in the story in Washington on the afternoon of Tuesday. On the general thought that 'all's well that ends well' however, we had decided to let the matter drop and not to engage in fruitless recriminations." 47.

Effective March 1, 1944 the government suspended the ration, but within the Board thoughts of meat rationing did not die. Board minutes suggested that the government decision had been forced upon it by transportation problems but "as soon as these conditions are eased and meat supplies can move freely into export channels it will be necessary to use rationing again to ensure fair distribution of the reduced domestic allowance for consumers." 48. In preparation for the resumption of rationing the Information Branch of the Board, in conjunction with the Foods Administration and Distribution Division designed an appropriate publicity campaign to remind the public that meat rationing had only been lifted temporarily and not completely abandonned. 49. For the immediate future the Board could only watch the situation, however, while concentrating on other rationing matters.

In the spring of 1944 the WPTB prepared for a possible reduction in the level of butter rations by proposing to eliminate one coupon from the overall number of coupons that individuals could cash monthly but the Administration could not reach a final decision on the need for this action. With the recent suspension of meat rationing, Canadians might rebel against a tightening of the butter ration, particularly as talk of reconversion and decontrol became more prevalent on several fronts in 1944. Considering these trends the Board chose to review butter ration levels regularly with a view to dropping a coupon for a month or two if necessary based on supply levels. This solution fit the spirit of the times much more closely than a mere general announcement of a tightening of the ration and suggested that the WPTB retained considerable sensitivity about public reactions to its moves on the rationing front. [50]

On May 30, 1944 the House of Commons discussed rationing in the context of the Department of Finance's estimates, but it did not generate significant public resentment or interest throughout that summer. Public attention on the domestic front centred on discussion of decontrol and reconversion, while Canadians also looked to the shores of France where Allied troops fought to maintain and expand their foothold on the European continent.

By the end of the summer, however, rationing returned to prominence in the national press. At the end of August the Financial Post reported that Canadian householders could expect restrictions on tea and coffee rations to ease within a month although the paper held out little hope that a similar relaxation would follow for sugar and butter. When consumption levels of a commodity fell below the maximum allowed in the ration for several months, an easing of the restrictions could be expected. [51] In this case the outright termination of coffee and tea rationing came only a month after the Post's speculation.

The Board also altered regulations in other rationing fields in the final quarter of 1944. Officials tightened sugar and butter ration levels while the mid-summer easing of the preserves ration covering jams, jellies, molasses, canned fruits and other similar products remained in force for the balance of the year. Similarly, no further action followed the June 1944 relaxation of distribution controls covering evaporated milks. In the general shift towards reconversion the WPTB removed some commodities from permit rationing regulations.

Gasoline remained the only commodity field in which regulations did not change during this period. Since April 1942 oil control officers had registered all vehicle owners and issued to each a gasoline allowance and ration book. A year later the Board instituted a general allowance for each passenger car and issued that number of coupons to every individual each month. Beyond that, a special category within which the Board considered cases and issued coupons on an individual basis met the demands of those who legitimately required extra monthly supplies of gasoline. Smooth operation of this system throughout 1944 and the expected continued need to divert gasoline for war purposes suggested that no changes would be made in ration levels for 1945.

In the early part of the new year with the war approaching an end, most Canadians realized that goods under ration controls would likely remain in short supply for some time following the actual cessation of hostilities. Despite Board attempts to convince the nation that the ration had been merely suspended, with the passage of time and the absence of government efforts to reintroduce meat rationing, most Canadians came to believe that the programme had ended. This view made events of the spring of 1945 more difficult for the Board and the decisions of the government increasingly fraught with risk. A simple problem confronted both groups: meat rationing would likely have to be reintroduced but after such a hiatus could it be done successfully? With the war now almost over, how would the public react to a reintroduction of the ration?

The reason for the reimposition of the ration merely compounded the difficulties. In 1943 and early 1944 Canadians looked to rationing to ensure equality in the distribution of commodities in obvious short supply. Demands for meat exports for Canadian troops and the people of the United Kingdom, coupled with domestic needs resulted in shortages alleviated only through rationing. In 1945 the Board did not face potential meat shortages. Rather a moral requirement demanded that Canada contribute its share of meat to the people liberated by Canadian forces in conjunction with other Allied troops in their sweep across Europe. As the Financial Post commented, "in Washington, London and the capitals of liberated Europe the spotlight was on us to reimpose rationing and bring our own domestic consumption more in line with that of our allies." 52.

Senior government officials had not been caught unaware of these growing demands coming chiefly from Britain and the United States. Norman Robertson first brought the meat situation to the Prime Minister's attention in early February 1945. Noting that meat consumption in Canada had risen during the war from 119.6 pounds per person per year to 158 pounds per person per year, Robertson pointed out that "rationing of meat on the scale previously employed in Canada would still leave the Canadian consumption much larger than in pre-war years." 53. However, Robertson suggested that no immediate moves should be made by the government beyond closely watching the situation with the knowledge "that it is quite possible that a request may be made for some sacrifice by consumers of meat in Canada".

A further memo from Robertson a fortnight later outlined a proposed agreement reached by the Combined Food Board in Washington that would restrict meat consumption in the United States, Britain, Australia, and New Zealand to less than pre-war levels. The suggested figure for Canada was 125 pounds per person, slightly above pre-war levels but significantly below current 1945 consumption. These cutbacks in Allied countries would allow meat to be shipped to liberated areas of Europe where inhabitants faced severe shortages. Robertson noted that "if this recommendation is made the Canadian Government will have to decide whether or not to concur and whether or not to implement it." 54. In practical terms though few alternatives existed. International pressure would force Canada to reintroduce rationing to restrict consumption.

A letter to Robertson from Lester Pearson in Washington increased the pressure still further. He recounted a recent conversation with the head of the British Food Mission in Washington and reported that "I asked Mr. Hutton whether rationing in Canada on the U.S. level would in fact release a substantial quantity of meat which could be moved into overseas consumption. His opinion was that the Canadian meat made available by rationing would make a real contribution to the solution of the problem."[55] Should Canada reject a reimposition of rationing the British authorities would be highly upset. They had obviously concluded that Canada would again ration meat and counted on the Canadian contribution to assist in supplying Europe. Not only the British would be upset if Canada did not reintroduce rationing. Pearson also recounted a conversation with an American official who had recently returned from Ottawa, noting that "he is convinced that, in general, our civilian supply position is better than theirs to an extent which might well arouse some resentment in this country. [United States] This was, he thought, particularly the case with respect to meat and leather and we would have a very hard time indeed in convincing the Americans to the contrary."

The government could no longer side-step the issue, for as Robertson suggested in another memo to King, food shortages in several European countries had reached very serious levels that could possibly have major political repercussions. Having just liberated these countries, the Allies did not wish to have civil uprisings on their hands while the war against Germany continued. Likewise Canada, coming under growing criticism in the United States for not having a meat rationing programme in operation, would fare very badly "as the only one of the active belligerents which had not seriously curtailed its civilian consumption of meat in order to come to the help of the distressed nations." 56. Even if rationing had a minimal effect on diverting meat from civilian consumption to export channels, Robertson offered a clear opinion on the course of action the government should follow. He informed King that "it is important that Canada should take energetic steps to curtail the civilian consumption of meat both in order to contribute to the avoidance of political unrest in Europe and in order to maintain abroad the high reputation which Canada, in virtue of her war effort, has achieved."

A memorandum prepared for a meeting of Cabinet on March 23, 1945 argued strongly for curtailment of domestic consumption. A seven point programme outlined in the memo proposed that meat rationing resume immediately to reduce consumption to 130 to 135 pounds per person per year.

As well the WPTB should institute strict control over slaughtering while at the same time developing a means to acquire for export all meat supplies that rationing would release. Further efforts could also be made to increase supplies of carcass meats and canned meats and fish. Finally the WPTB should appeal to the public for co-operation, requesting that individuals not use ration coupons in full if they aren't absolutely required.[57] The Cabinet memorandum noted that the WPTB would only agree to reimpose meat rationing if the government accepted all seven points in the programme.

All the planning by Robertson had considered only the international implications of the reintroduction of meat rationing. Domestic political considerations would also play a major role in any decision, for with the governing Liberals facing the first general election in over five years, no actions could be contemplated that might arouse public opposition to the government. International pressure for meat rationing might be high but what did the Canadian people think of the idea? King's private secretary W.J. Turnbull relayed the grave concerns of Liberal elder statesman from Toronto Col. W.J. Mulock to the Prime Minister the day after Cabinet had failed to reach a decision on its first consideration of the meat rationing matter. Mulock totally opposed rationing, for as Turnbull noted, "he says that discussions have clearly established the fact there is no domestic reason for this and that Donald Gordon himself is reluctant. He [Mulock] fears that with hot weather coming on, meat spoilage will take place to an even greater degree than formerly and the political consequences will be serious. He goes so far as to say that if rationing is introduced now, we might as well 'write off' chances of winning an election. No overseas need nor action taken in the United States will convince the Canadian people that meat rationing is necessary, especially when accompanied by bad local surpluses and waste, which will be inevitable."58. To the bottom of Turnbull's note the Prime Minister added "Robertson to see".

Mulock's comments could not be easily ignored both because the Liberals worried about the coming election, and also because the Colonel had accurate information on the WPTB's views on meat rationing. After internal discussions about the implications of the reimposition of rationing, the Board informed the Minister of Finance on March 23 of its opposition to the programme. Officials indicated that a minimum of six weeks would be required to prepare should the government decide to proceed. However in general terms the WPTB perceived that there would be a low level of public acceptance of the necessity to reintroduce rationing. [59] Without extensive public support the scheme would be doomed and such a failure might hurt Canada's international standing more than a decision not to bring back rationing.

With a federal election set for June 11, Cabinet again deferred consideration of the issue on April 4, fearful of the political consequences of a reimposition of meat rationing before the election. [60] Two days later Cabinet instead offered explicit instructions to Agriculture Minister Gardiner who would attend a British-American meeting in Washington early in April. Gardiner "would listen but would not commit us to anything. Would let it be known that we could not consider meat rationing while the election was on, but would be prepared to have a meatless day or two meatless days, leaving it to the people themselves to respond voluntarily and prepare for rationing at the end of the three months if the voluntary manner was not a success." [61] Political expediency overcame any other considerations at least for the immediate future. Three and a half long years of economic controls gave the public many reasons to defeat the government. Now the Cabinet need not give the nation a reminder of the harshness of controls, particularly with decontrol around the corner and the government launching an election campaign that would stress the prosperous post-war world opening up for all Canadians.

As the election approached, however, the meat situation became more acute late in May, as Canadians faced regional shortages of bacon, lamb and mutton. The Board now presented a different view to Ilsley as Gordon concluded "that although there is a heavy production of meat, poultry and fish the amount available for domestic consumption is not sufficient to meet consumer demand, particularly in the large urban centres. Without control of distribution and slaughtering it will not be possible to maintain equitable distribution of the available supply ... In these circumstances there is grave danger of a serious breakdown in price ceiling control." [62] The position of the Board hierarchy had changed from cautious opposition to the scheme to a recognition that international pressure and supply problems might force the Board to reimpose rationing. However, the convictions of senior management differed radically from those at lower levels of the Board as the Ration Administration still held grave reservations about any reintroduction of the meat programme.

Administration concern centred on the difficulty of reimposing the ration with many employees either leaving the Board or making preparations to leave. A memo from the Ration Administrator to Gordon noted "after sizing up the problem carefully, I come reluctantly to the conclusion that we cannot handle meat rationing owing to staff difficulties ... This time, I can see no possible hope of obtaining, training and keeping the staff necessary to ration meat."[63] Also, the backbone of rationing, volunteer labour, might disappear with the end of the war. He added that "this memo is not intended in any sense as an ultimatum. I am quite prepared to stick with this job as long as you want me unless called away by some other crisis in my firm; and I shall certainly do everything I can to introduce and maintain any programs that you decide upon. We are still working hard on meat plans. My only concern is to record my conviction that meat rationing cannot succeed under present circumstances."

Perhaps this note of caution led Gordon to explore with the Department of Agriculture solutions to eastern Canadian meat supply problems. The Chairman stressed that the current unrestricted meat consumption necessitated that public demands be met to avoid massive shortages. As well black markets, an ever present corollary on the fringe of Board rationing and price control activities, would rapidly multiply if shortages developed. Despite Board requests for transportation subsidies to encourage the shipment of beef from west to east and alterations to export rations among domestic suppliers the Department of Agriculture had not acted. As a last resort Gordon wrote to the Department in June to remind officials of their commitment to alleviate specific shortages by moving meat to fill demands identified by the WPTB. Gordon concluded that "failing immediate action to meet this situation I must inform you that this Board will be obliged to disown responsibility for the progressively worsening meat shortages which are leading to a serious and uncontrollable break-down in the price ceiling through developing black markets." 64.

The overall situation left the government with few alternatives. With no end in sight to meat shortages in eastern Canada, demands from abroad increased for the foreign shipment of Canadian beef. The Chairman surprised few Board officials by announcing at a July 5 meeting that the Prime Minister would announce the reimposition of meat rationing the following day. 65. Two days later the Financial Post began conditioning the Canadian people for rationing by outlining the meat situation and suggesting that rationing could meet the combination of domestic distribution problems and overseas demands. [66.] In noting that the specific type of transportation available favoured the shipping of pickled and canned meat, while Canada had to this point specialized in cured bacon, live cattle and fresh beef, the Post suggested that rationing might be little more than a symbolic gesture in the face of prohibitive enforcement costs should public disobedience of the ration develop. [67.]

Rationing could also solve a second problem confronting the Board, as the Financial Post stressed the growth of black markets dealing in meat in discussing the rationing situation in Canada. Throughout the period of the suspension of rationing, the regular system of price controls and the issuance of slaughtering permits regulated meat sales and supply, but slowly black markets subverted this system as demand for meat outstripped supply. Veteran reporter Blair Fraser noted in July that there:

> is no evidence so far that the black market in this country is an organized, big time racket as it is in the United States, with its own travelling wholesale buyers, its own trucks, and its own under-cover distribution system. In Canada, up to now, black market has merely consisted of ordinary merchants selling above ceiling prices, or failing to take ration coupons for rationed foods. But there is some danger that meat rationing, an attempt

> to reduce consumption at a moment when demand already exceeds supply, might be the needed extra stimulus to organize our black market in a big way and make a real racket of it. ...If the consumer enters into conspiracy with black market merchants to any extensive degree, not only will meat rationing fail but the whole system of price control will be brought into serious peril. 68.

The Board shared Fraser's concerns and proposed to reintroduce meat rationing in a slow, steady fashion. At a Board meeting in early August the Chairman reported that meat rationing tokens would be ready at the start of September while distribution of the tokens would take another two weeks. 69. With these essential preparations underway the Chairman faced another challenge from Ration Administration officials who, despite their willingness to carry out the tasks assigned to them, remained sceptical of their chances of success. Just before leaving for a tour of western Canada, Gordon offered his support and encouragement to Ration Administrator Ross and predicted a favourable response to the new meat rationing efforts. He informed Ross that "I know there have been some murmurings of discontent about the policy of meat rationing. I have carefully surveyed these complaints and I am satisfied that they come from a very selfish minority of people who are prepared to see others in dire distress rather than be inconvenienced, or that their profits may be a little less than they might otherwise be. Needless to say I have no sympathy with such an attitude and I am firmly convinced that the overwhelming majority of Canadians are wholeheartedly behind the principle that this country should help the distressed areas of the world." [70.] At the same time Gordon left specific instructions for his Deputy, Wallace McCutcheon. The Chairman told him that following the official announcement of rationing, scheduled for September 10, "I think it would be useful if you telephoned Howard Ross and pepped up his morale a bit." [71.]

Gordon also pressed for additional government efforts to sell rationing to Canadians. In response to opposition from some agricultural groups, he called for a major publicity campaign through the National Film Board to "educate" the public on the need for the continuation of rationing. Gordon boldly informed Ilsley that "I understand that the Film Board is filling up with all sorts of work so that they say they cannot tackle our job before the first of the year. That is entirely too late to do any good. We need immediate action." [72.]

The same day Gordon also approached the Finance Minister with a related problem: the mass counterfeiting of ration coupons that threatened the meat scheme. He noted that widespread counterfeiting of sugar coupons in Quebec produced only unacceptably small financial penalties imposed by the courts on those found guilty. As one phase of the renewed emphasis on rationing that came with the reintroduction of meat controls, the Board hired an additional 100 investigators to detect counterfeiting and other subversions of rationing regulations. The WPTB also forwarded to Cabinet for approval a new order-in-council providing imprisonment and heavy fines for individuals violating any ration regulations.[73] The government wisely decided that with the end of hostilities on the Pacific front only days away, the people of Canada would not accept more serious penalties for infringement of the regulations in peacetime than had been imposed during the active war. Therefore it shelved the Board's proposal.

Early in September 1945, just prior to the meat rationing announcement the Board concluded that although some retailers opposed rationing, the general population would accept the programme.[74] Then just as rationing began, news that the United States planned to end its programme threw Canadian plans into chaos. The American authorities concluded that the public would not tolerate the same level of economic regimentation in peacetime that they had accepted during the war. The same doubts plagued Prime Minister Mackenzie King but the Canadian government had already committed the country to resuming meat rationing and would not turn back at the last minute. 75.

Accompanying the September 9 official announcement of the resumption of rationing the next morning, Deputy Chairman K.W. Taylor prepared a speech that outlined the reasons for the programme. The WPTB based its defence of meat rationing on one argument. Taylor stressed that "the sole purpose of meat rationing at this time is to reduce meat consumption in Canada. And why should we eat less meat? Well, that's because we must send larger quantities overseas to the people of liberated Europe and of Great Britain." 76. Taylor argued that Canada had to pull its weight in the international food trade, for "if we want our fair share of sugar, tea, vegetable oils and many other imported foods, we must be prepared to contribute our fair share of meat, cheese, canned fish and other items we have in abundance." Finally, Taylor mentioned the political reasons that lay behind the Allies' desire to rush food to Europe, noting that "you can't build the foundations of permanent peace in an atmosphere of misery and despair. Such an atmosphere breeds anarchy and poverty - not peace and prosperity. The people of Western Europe have always been our best customers for the produce of our farms, fisheries, mines and forests. We must do all we can to get Europe back on its economic feet as rapidly as possible. Until this is done we cannot have a firm basis for prosperity here." The Board based its appeal to Canadians to support meat rationing on a combination of sympathy for those less fortunate than themselves, and enlightened self-interest that suggested that by helping others, Canadians would really help themselves. Lurking beneath these views the government conjured up a vision of continuing instability in Europe unless the Allies acted quickly to head off uprisings of popular discontent over poor conditions after the liberation.

With the announcement of rationing Consumer Branch director Byrne Hope Sanders distributed a memo to all consumer representatives scattered across the country outlining the reasoning behind the resumption of rationing ("to help the starving people of liberated Europe and to meet our requirements with Great Britain") and suggesting some of the initial problems that the order might produce. Her overall emphasis remained on the need to keep the faith for the moment for, as she reminded her volunteers, although the war had ended, "we cannot win the peace unless we do our share in preventing starvation in the liberated countries of Europe. Meat rationing is absolutely necessary." 77. Consumer representatives served as one arm of the propaganda campaign mounted by the government to overcome the heavy attack expected from several quarters. The Financial Post suggested that the reason for the attacks lay not in the programme itself but in the failure of the WPTB to inform butchers and retailers about the operations of the new system. The Post identified four groups of opponents of the scheme: "those who said they considered meat rationing of any kind unnecessary; those who thought voluntary rationing would do the trick; those who accepted coupon rationing but objected to the tokens and to the coupon values assigned to certain meats, the complexity of the system, the alleged 'high-handed' attitude of the Board; those who were not objecting, simply asking for advice as to how to cope with the loss of volume and customer goodwill induced by a 12% cut in meat consumption." [78]. Providing more advance information to retailers might have reduced the number of dissenters in each of the four groups, but the Board now had to patch the programme together after the fact. Although many groups favoured a return to voluntary rationing the Board and the government did not believe that such a programme could release sufficient meat for overseas shipment. As well Canada's international image required a firm response to this challenge. With other nations supplying food to Europe Canada could not remain the odd country out by relying only on voluntary controls. Needy nations and people would view such a move as a sham.

The Board weathered the immediate storm and soon much of the opposition to rationing disappeared as the public understood and accepted the reasoning behind the programme. According to the Board's expert, labour had been particularly confused as the extensive publicity given to those who opposed rationing left union members questioning the need to supply meat to Britain and Europe. As time passed, however, "the lines became clearer and it became evident to labour that the heavy opposition to rationing was coming from meat dealers. There was an immediate swing in labour opinion. Labour now thought vested interests were apparently fighting the Board and Labour was on the side of the Board." [79] Soon telegrams and resolutions flowed into the Board's head office in support of the rationing programme, indicating that in at least one sector of the community, the promotion campaign achieved the desired result.

The Board placed just as much emphasis on capturing the imaginations of women. To that end, Miss Sanders informed the Chairman on September 22 that the Consumer Branch planned "to launch a big programme now pointing out to women leaders that by educating their membership to the need for a thorough understanding of the mechanics of rationing from the consumer viewpoint and of the need for helping the butchers they can make the plan a success." [80.] Based on the reports of the views of organized labour and the past successes of Consumer Branch campaigns, Kenneth Taylor expressed cautious optimism to Gordon about the success of the meat rationing scheme. He reported from Ottawa to the travelling Chairman that "things have been busy but not unusually difficult during the past three weeks. It may be too early to speak with confidence but I think the organized mass movement of opposition among retailers is dying down very rapidly ... We are getting rapidly increasing volume of evidence that the great majority of retailer butchers and their customers are rapidly adjusting themselves to the ration system and with very little trouble." [81.] Taylor provided a similar report to the Board two weeks later, commenting that the retail problems had almost ended, with the sole outstanding complaints concerning requests for differential rationing for coal miners in Nova Scotia and Alberta. The Board had no plans to threaten the ration in the rest of the country by introducing such a system in these two areas. [82.] Even with the growing acceptance of rationing the Board pushed for continued promotion campaigns that would stress the reasons for the introduction of rationing and would point to the successes achieved in diverting meat from Canada for overseas consumption. Officials believed the public would continue to support the programme as long as these efforts continued. [83]

Meat rationing continued throughout the remainder of 1945 but problems developed near the end of the year as domestic consumption exceeded projected levels as a result of a decision to remove some types of fancy meats from the general ration provisions. To deal with this threat, the Board suggested one coupon be cancelled but the government quickly rejected this idea. [84] To that point public co-operation with rationing had remained at very high levels but additional restrictions could threaten that support as the war and wartime conditions receeded further and further into the past. The WPTB then proposed that the Consumer and Information Branches work with the Ration Administration to promote the voluntary surrender of unused coupons. This could achieve the same results as the compulsory removal of a coupon but would Canadians accept such a voluntary tightening of the ration? The Board's Executive Committee wrestled with the concept in late December and finally approved the programme subject to the receipt from the officials involved of a more detailed plan of action. [85]

By the end of 1945 the general rationing situation had stabilized. Limited supplies of butter and sugar still existed and the ration on these commodities remained very restrictive throughout much of 1946. At one point supply conditions forced the Board to tighten further the butter ration beyond wartime levels but the public accepted this as a short term move. Preserves rationing also continued throughout much of 1945 and into the new year. Other than these specific commodities the supply and distribution situation improved considerably with the end of the war. Had Canadians not seen improvements on many fronts within a short period following the end of hostilities their reaction to meat rationing might have been very different and could have placed great pressure on the Board and the government to eliminate quickly all controls, as had occurred in the United States.

The abandonment of the various rationing schemes administered by the Wartime Industries Control Board matched the pace of the winding down of the WPTB's involvement in rationing. The Financial Post suggested that truck rationing changes made in July might set the pattern for the phasing out of rationing of individual passenger cars. Local WPTB offices assumed the responsibility for the issuance of permits for truck purchases from the Ottawa based Motor Vehicles Controller of the WICB in July, although truck rationing offices at the local level still operated under WICB direction. By this time, tire rationing had already become primarily a local operation.[86.]

The gasoline situation also eased in the spring of 1945. The lifting of restrictions on deliveries as well as the ending of regulations that closed stations early in the evening and restricted the use of credit cards to purchase gasoline all indicated to Canadians that gasoline problems would soon be over. Rationing, however, did not completely end until the Japanese war had been successfully concluded.[87.]

The government's rationing efforts tailed off as the need declined for the regulation and control of the supply and distribution of goods and services. Surpluses replaced shortages during decontrol and reconversion and as orderly marketing returned, the need for rationing ended. There had never been any doubt in the minds of Canadians that rationing existed solely to aid in the equitable distribution of essential goods and services. If all else failed the Board turned to rationing and when conditions eased the WPTB wasted little time in reverting to simpler means to guide the distribution of supplies. The Board designed each rationing scheme to meet the particular problems presented by that commodity and thus entered the fields of permit and coupon rationing as well as creating a coupon banking system for merchants. The conclusions from an October 1945 public opinion poll on rationing provided a good overall impression of the programme, noting that "on a comparative basis, rationing has consistently given evidence of being the most popular among Canada's wartime controls, a fact that is especially significant when one remembers that it has been more a part and parcel of every day living than any other of the controls have been. In other words, personal experience with it has been the lot of practically every Canadian." [88.] Rationing success sprang from Board actions on several fronts. Considerable thought and planning went into each new rationing proposal and the Board engaged in extensive consultations with many groups likely to be affected by any new rationing orders. As well the Consumer Branch, in conjunction with the Board's Information Branch, worked tirelessly to promote rationing at the local level across the country.

However, the key to success lay with the organization of the Ration Administration, with local boards established in over 600 centres across the country. In each community prominent citizens administered the rationing schemes and residents had to look no further than their neighbours to see who supported and enforced rationing decisions and regulations. As well they could appeal to these same residents of their own community should any problems or questions develop. Thus rationing operated without the appearance and imposition of centralized bureaucratic control from Ottawa that might be insensitive to local needs, peculiarities or issues. Had the Board established centralized operations to govern rationing across the whole country there likely would have been considerably more trouble, for rationing more than any of the Board's other controls had a major influence on the life of each Canadian. It therefore required a personal touch in adapting the programme to the conditions of Canadians in communities across the nation. With the system adopted by the Board, complaints remained surprisingly low in number throughout the war. To some extent an opportunity existed for those who objected to rationing to operate outside of the law as black markets in coupons and counterfeiting of coupons sprang up and the problem reached sufficient proportions to require the formation and operation of an Enforcement Administration. This group worked to apprehend ration violators and to launch legal actions that could result in fines and imprisonment for those convicted of ignoring Ration Administration orders.

In total, the rationing scheme provided an illustration of the Wartime Prices and Trade Board at its very best. The public clearly understood both the operations of the programme and the need for it. With an appeal to patriotism behind the requests for public support and co-operation in rationing, Canadians responded wholeheartedly. The programme was undoubtedly a success as a result of this public support and also because of the fair and even-handed manner in which the Board administered the whole programme.

Chapter Seven

The Enforcement of Price and Ration Regulations

Public support for both price control and rationing transcended the mere fear that violation of ceiling or rationing orders would lead to stiff penalties from federal and provincial authorities. Patriotism and a successful advertising and promotion campaign produced general public acceptance and support for most Board dictates. However, as with most other government attempts to regulate society, regulation in itself would not ensure compliance. Penalties for violations of the law had to exist and they had to be imposed to convince the public that laws must be obeyed.

The role and extent of enforcement of Board orders and regulations remained a controversial subject throughout the life of the WPTB. If widespread and flagrant disobedience of Board orders developed, little could be done to enforce compliance for WPTB orders and regulations depended upon public goodwill and co-operation to be successful. A graphic demonstration of the failure of this goodwill came in late 1943 as the squeeze on merchants, manufacturers and distributors became more intense. In response to the tightening squeeze, for the first time firms began to exploit all available loopholes in Board orders and regulations. The Board had refused to modify the base period principle for calculating ceiling prices and companies viewed this intransigence as intolerable. They replied in the most dramatic fashion possible, by trying to subvert Board orders. Adopting this course of action, they achieved their objective of attracting WPTB attention to their plight.

At the same time questions about the costs of enforcement regularly attracted interest. With the Board spending millions on subsidy payments and other schemes to support the ceiling, if the enforcement budget became too large, there would undoubtedly be questions about the viability of the whole programme. A government that spent large sums of public money to preserve the imposition of an artificial scheme on the economy and then faced additional expenditures to enforce the scheme left itself open to quite legitimate criticism about the benefits of the whole programme. Nevertheless in a large nation with a scattered population continuous scrutiny would be required to prevent enforcement costs skyrocketing.

Finally any failure to enforce Board regulations opened the government to charges of favouritism and preferential treatment in dealing with individuals arising from their political affiliations. Given the small size of enforcement operations, in practical terms not everyone could be apprehended and no guarantee could be given that equal justice would be meted out to all who had been charged with rationing or price control violations. However, the Board faced at least a moral obligation to keep a lid on the more flagrant violations. Even by planning to treat all equally though, no guarantee could be given that some would not be treated more equally than others.

Enforcement Administration officials understood these problems but still found it difficult to find solutions. Investigators had to operate with some care and yet try to curb violations before they became widespread. In performing their duties, Enforcement representatives could not spend too much money and constantly had to be aware of the fact that much of the success of price control and rationing came simply because it was a voluntary scheme that remained overwhelmingly voluntary in character throughout the war.

(i) Keeping violations to a minimum

As with most other aspects of price and ration controls, in the first few months little indication existed that enforcement might become a major component of Board operations. In fact one of the first difficulties to be drawn to the attention of the Enforcement Administrator, F.A. McGregor, concerned a potential problem that did not strictly bear on enforcement at all. It concerned representations made to the Board by Toronto businessmen concerned that the price fixing regulations might produce some difficult situations for individual firms because of the Combines Investigation Act. McGregor quickly referred the matter to the Board's senior solicitor. H.D. Anger replied that the Act only prohibited combining to set prices. He noted that when "prices are fixed or specified restrictions or standardization as required by an order made by or under the authority of this Board, such fixation or requirement has statutory effect and obedience is a necessary duty and is not a combination by the persons who obey it so that the Combines Investigation Act has nothing to do with the case." [1] With that problem clarified the Administration turned to more general enforcement matters.

In those early days, the Enforcement Administration did not face many problems. By July 1942 there had been 150 prosecutions for offenses against the regulations. Of these, 105 concerned rent controls, the most easily documented and enforceable of the Board's controls. A further 14 dealt with price control matters while the Board launched 28 prosecutions for rationing infractions and hoarding of various commodities. Three other offenses made up the total. [2] This lack of activity accurately reflected the infrequent efforts of the public to circumvent the new controls. It also demonstrated the Board's conscious decision to allow Canadians some time to become familiar with the changed lifestyle that would be faced under controls. Finally the limited number of regulations governing commodities and activities in the first half of 1942 eased the enforcement burden.

The relative lack of regulation allowed a breathing spell in which operational practices between the Enforcement Administration and other Board divisions could be sorted out. The success of these working relationships, once established and functioning, would crucially affect the performance of the Enforcement Administration and the whole Board. Initially relations with the Ration Administration assumed prime importance in the eyes of Enforcement personnel. The Regional Offices Administration also played a sizable role in this early enforcement period as the administration proposed that enforcement investigations in each region be placed under the direction of a chief investigation officer, reporting to the Regional Offices Administrator and not directly accountable to the Enforcement Administration, McGregor made a strong case for independence, arguing that the semi-judicial nature of enforcement cases demanded independence for his employees from the time of the receipt of a complaint until its disposal. By taking the decision-making power over the investigation of cases from Enforcement Administration personnel, the Regional Offices Administration might destroy this independence. McGregor would agree to price and supply representatives controlling staff, discipline, accommodation and other administrative aspects of Enforcement counsels' activities but wanted them to retain complete independence at all stages of the investigation of any complaints. The counsel could also engage others to assist in their work if needed.[3] It became more important to sort out an arrangement as the year passed and as orders from senior Board officials moved enforcement operations into high gear. Price problems developed and more commodities came under rationing regulations, increasing the number of potential violations of Board orders that required investigation. M.W. Mackenzie minced few words in outlining the programme he expected the Administration to begin in October 1942. He stated bluntly that "we must now embark on a period of pretty strict enforcement in any cases where it appears that there is a deliberate attempt to violate the spirit of the regulations. In the early days there was always the possibility of the good plea of ignorance, but there should be little occasion now for an urban retailer or resident not to know the fundamentals of the rationing programme." [4.] To aid in this operation Mackenzie suggested that the Ration Administration assign its secretary to work with Enforcement personnel in examining cases prior to their receipt by the enforcement section. This individual could also become a source of detailed information on rationing matters required by enforcement personnel. With no recorded objection from McGregor, the two administrations adopted this working relationship.

The involvement and personal interest of senior Board staff in enforcement matters continued throughout the war, as enforcement and publicity about enforcement played a major role in shaping public perceptions about the Board and its operations. By October 1942 Gordon had formulated some thoughts on enforcement and he brought his concerns to McGregor's attention. Surprisingly he expressed an opposite view to Mackenzie's ideas earlier in the month. He particularly objected to "trapping" citizens in breeches of the law. Gordon agreed that "this may be necessary in some cases but I am sure it is a highly inadvisable procedure if we can avoid it at all. I am further certain that the Minister feels the same way about it. I am also inclined to the feeling that a number of our rental cases should not be pressed through court action. When our investigation reveals that the landlord has increased his rent it may be best to have the matter adjusted first by putting the rent back, unless the circumstances indicate a flagrant abuse or deliberate efforts to evade the law. On the other hand, if a landlord ignores a ruling made by the Rentals Administration and increases a rent after his case has been determined, then I think we should press for a jail sentence." [5] The Administration would follow these guidelines as its officials looked towards the monumental enforcement task they might soon face.

Leaving aside the easy-to-control rentals field, enforcement problems broke down into two distinct sorts: those dealing with prices and price control, and those related to rationing. Each presented its own difficulties and demanded specifically tailored solutions. Moral and legal debate about the advisability of trapping individuals in violations related to both fields but beyond that, problems and attempted solutions varied considerably.

Price control enforcement provided the simpler of the two challenges facing Administration officials. Even so, many difficult issues confronted individual officers intent on preserving the retail ceiling. The majority of store owners normally retained only very sketchy records of individual retail prices and had only these bits of information to draw upon in the immediate weeks following the freeze order. Adding to enforcement difficulties, the Board did not specifically order merchants to record the price of individual goods they sold to consumers. Had an order been passed when the controls came into effect requiring retailers to maintain a list of prices for essential goods they sold, enforcement problems might have been eased considerably. Another order requiring retailers to label and tag their goods so that both consumers and enforcement officers would know exactly the commodities they purchased and the price they paid would also have been helpful. Without this basic piece of information, no one could possibly know whether or not the ceiling price had been maintained when a retailer sold any product. Although this might appear to be the most elementary of requirements, in many cases adequate labelling and tagging did not exist.

The history of the Board's enforcement activities pinpointed two other sources of havoc:

> As time passed, many enforcement officers began to question the validity of the base period, as they found these prices meant nothing to consumers and almost as little to retailers. Base period prices, they believed, did little more than confuse everyone and made Board orders excessively complex, particularly when in practice the legal base period price had been replaced by standard base period mark-ups or margins. In some cases in fact, Board representatives had advised retailers that they only needed to observe the base period mark-up, which meant little enforcement work could be done until 1944 when the WPTB introduced mark-up orders that legitimized the existing situation.
>
> However mark-up controls brought equally difficult problems, as Enforcement Administration personnel supervised these controls as well. Using mark-up controls, consumer co-operation in enforcement lost its value as buyers had no means of judging the correct price for goods. As well, inspectors now had to examine costs, on occasion tracing certain goods back through suppliers in addition to checking retail prices. Finally the practice of 'pyramiding' mark-ups at the wholesale level with each jobber adding on the full mark-up possible, had to be stopped. 6.

With the work load involved in checking each of these problems, even a massive enforcement staff likely could achieve only marginal success. An examination of the very restricted range of enforcement provisions demonstrates how completely price control relied on voluntary support. Pressure could be exerted against the most flagrant violators but millions of opportunities existed for small time infractions that in some cases individuals might not even be aware they had committed.

Price control problems paled, however, in comparison with the difficulties faced in administering rationing orders. As the issuing of coupons controlled the availability of goods in short supply, the coupons became, in themselves, valuable commodities. Not only did enforcement officials have to deal with supplies of rationed commodities preferably at their source, coupons had to be designed so that counterfeiting would be as difficult as possible. Printing paper, ink, printing plates, the shipment of coupons to ration offices and the collection of spent coupons all had to be closely guarded and constantly checked. In this operation problems soon developed for, as the Board later admitted, "in the early stages of rationing no one appreciated fully the vital importance of security measures and only through bitter experience and experiment was the lesson adequately learned." [7] Those experiences on occasion resulted in the illegal release of hundreds of thousands of coupons. Similar to problems with enforcing price control matters, rationing difficulties only slowly revealed themselves to enforcement officials. By the end of 1942 just the tip of the iceberg was apparent. It would take almost another year before the real problems fully surfaced. By that time the basic period would be well and truly forgotten, and manufacturers, distributors and retailers would be on a serious hunt for every employable loophole in price and ration regulations. Once they began this effort in earnest, they would discover loopholes big enough to accommodate all their needs.

In early 1943, however, these problems remained only dimly perceived on the horizon. The pace of prosecutions launched as a result of Enforcement Administration activities had picked up considerably, as details announced in the House of Commons in late March of that year demnnstrated. By the end of first quarter of 1943 just over 2100 prosecutions had been launched for price and ration violations with over $137,000 in fines being levied by the courts. The courts preferred to fine rather than imprison individuals, but jail sentences remained a possible resort should offenses either be repeated or be of a very serious nature. In opting for this sort of punishment the courts found little support from within the Board. The head of the Board's Information Branch, W.F. Prendergast commented in a letter to McGregor that "I am sure it is very disappointing to you to note the casual way in which most courts treat offenses against the prices regulations. It seems to me that in almost all cases the penalties are inadequate. Particularly I have remarked cases of deliberate fraud such as false statements which do not draw, as I think they should, prison terms. Couldn't the Department of Justice be induced to instruct solicitors to picture more vividly the gravity of the offenses and to demand severe penalties?" [8.]

These problems plus other general matters arose from the Enforcement Administration's responsibility for all orders of the Wartime Prices and Trade Board and the Wartime Industries Control Board. [9.] After considering the issue Gordon suggested to Ilsley that a general discussion of the enforcement situation be held. He accompanied his request with a detailed memorandum on the Administration's organizational structure and activities. [10.] This report noted that "the duties of the 14 regional Enforcement Counsel are to guide and direct investigational and other enforcement activity in their respective regions and report violations to the Administrator with their recommendations. Under each Enforcement Counsel is a staff of investigators working from regional and local offices, usually headed by a chief investigation officer, who acts under the instructions of the Administrator on all enforcement investigations and inspections." 11.

Field officials performed several functions. They investigated individual complaints from all levels in the distribution and production chain from manufacturer to consumer; they launched independent inspections of merchants' operations; they conducted special investigations when evidence suggested black market operations existed; and finally they investigated alleged criminal activities related to Board regulations, such as the theft of ration coupons, books or counterfeiting ration materials. The Administration could not rely solely on consumer complaints to disclose price and ration infractions. In fact, as the report commented "developments have required gradual extension of compliance inspection on survey methods, especially in respect of commodities in short supply where the temptation to contravene the regulations may be particularly noticable." Adopting this new procedure with a very broad mandate for action, personnel problems still limited enforcement operations and the number of surveys that could be undertaken. Without regular surveys the Administration could not hope to maintain control over pricing problems. However there was little likelihood that the budget and manpower problems that restricted the activities of Enforcement personnel would be eased.

The Administration could not blame retailers for all circumventions of the regulations for McGregor agreed that some retailer violations had a legitimate base as "an increasing number of cases are being reported to us by Enforcement Counsel arising out of complaints by retailers that their suppliers are failing to make goods in short supply available on a pro rata basis." 12. However, as the WPTB statement on goods in short supply issued in October 1942 did not have the force of an order, enforcement officials could do little in such situations. They could not order producers and distributors to follow rigidly their pre-war sales patterns but could only exert informal pressures. As demands increased on all levels in the chain from producer to retailer as the war dragged on, the effectiveness of these informal pressures fell drastically.

At the end of the summer in 1943 meat and gasoline rationing problems faced enforcement officials. Meat difficulties centred on the inability of Board staff to control completely supply sources, for any rationing effort could only be as successful as the ability to control the commodity at its source. If farmers, slaughterhouses or meat packers somehow withheld quantities of meat from ration officials and then sold the meat on the black market, rationing efforts could be easily subverted. The potential black market activities concerned the Board in September and produced the suggestion that special efforts be made to obtain convictions to discourage handlers of meat products from entering the black market.

Other problems, more directly associated with coupons rather than supply plagued the gasoline rationing programme administered by the WICB and enforced by the WPTB. A lengthy note to Deputy WPTB Chairman M.W. Mackenzie at the end of August 1943 indicated that many ration books and sheets of coupons had been stolen from printing plants in Toronto. This caused great concern as "no steps had been taken to guard against such thefts by employees and others having access to the plants." 13. Other thefts resulting from consumers' carelessness with their personal books also disturbed ration officials. Further difficulties involved individuals granted special gasoline quotas in excess of the normal passenger car ration through deliberate overstatement of their needs. If these additional coupons were not used they could either be given or sold to someone else, disturbing the coupon chain and allowing for the fraudulent use of issued coupons. Also marked gasoline for use by farmers, stationary engines and in marine operations found its way into consumers' gasoline tanks. As well, dealers sometimes sold gasoline that would fall within the ration and invoiced it as marked gas. However, the inability to restrict loose coupons remained the main enforcement problem throughout the ration's life.

A report prepared in late October 1943 startled Board officials, by concluding that "all available evidence indicates clearly that in principal urban centres throughout Canada, and especially in Ontario and Quebec gasoline is being sold freely without coupons or in exchange for loose coupons by a very large proportion of service station operators. Test checks made in the last few months seem to show that probably at least 50% of service station operators are thus selling gasoline illegally." [14] The report pointed to five sources of excess coupons: 1) commercial coupons purchased by dealers from truck drivers with more than their needs; 2) loose handling of coupons in service stations and bulk gasoline plants that delivered gasoline to service stations; 3) the theft of coupons and books from printing plants and issuing officers; 4) the illegal use of marked gasoline; and 5) counterfeit coupons. The apparent ease of counterfeiting coupons only added to the Board's woes. Although those difficulties had been brought to the attention of the WICB's Oil Controller who remained in charge of gasoline rationing, little could be done until the next issuance of coupon books planned for the following spring. In the face of this likely delay in WICB action, concern within the Enforcement Administration about the chaos the rampant misuse of coupons would produce throughout the winter led enforcement officers to suggest an alternative programme to their Administrator. Enforcement officers wanted to use test purchases, but were careful to mention in their request that they did not plan to use trickery or pressure in this operation. By acting fairly in this programme and by adequately publicizing the reasons for resorting to this type of enforcement, Administration officials believed they could overcome Gordon's fears about "trapping" the public during enforcement operations.

Test purchases had produced some negative comments from the public in the autumn of 1943, which tempered Board enthusiasm for this method of investigation and enforcement. The scheme involved an inspector purchasing gasoline at various stations with loose coupons. Regulations prohibited any station attendants accepting loose coupons, so if he took them from this 'purchaser', the inspector revealed himself and charged the attendant with a violation of the ration regulations.

The proposal to step up the number of test purchases soon came to Gordon's attention. He had already received an opinion from R.M. Fowler, the Board's Secretary and General Counsel, that "if a particular operator of a business is following the practice of accepting loose coupons of any kind, probably the only way we can discover this is to send someone to make a test purchase tendering loose coupons at the time. There is no trickery in this and no unfairness to a person who is conducting his business honestly and within the law." 15. Fowler envisaged test purchase enforcement becoming a widespread Board tactic not restricted solely to gasoline infractions. However, his argument in support of the scheme sounded similar to arguments in support of any infringements of civil liberties: those who are not doing anything wrong have nothing to fear.

As the attempts to circumvent price and rationing regulations gathered force, little choice remained for the Board except to adopt more stringent tactics in its effort to keep the lid on violations. In November 1943 information reached the Board that forced a major re-evaluation of one of the Enforcement Administration's programmes. At first word arrived of a significant number of loose meat coupons floating around the country. From this information the Board quickly concluded that the meat ration must be too generous. A closer look at the situation revealed the difficulties associated with coupons. A report on the state of the Administration noted, in discussing this situation, that "rumours persist and become more forceful that a good traffic is developing in ration coupons. We have an actual case in which the R.C.M.P. are investigating and which will certainly lead to one or two more prosecutions. However, from some of the information we get, it seems that we might well uncover a fairly large racket through this case and we have every hope that we may track down a large ring. Successful prosecutions will certainly help to discourage this racket."[16] Additionally the memo noted illegal trade developing in sugar coupons and hinted that industrial users had entered the illegal sugar coupon market. The Board suspected that this illegally obtained sugar found its way either into soft drinks or liquor manufacturing operations but had no specific evidence upon which to base prosecutions.

These problems led to a general re-examination of Enforcement Administration efforts, requested by Gordon. McGregor responded by outlining the methods employed by officials of his administration in specific cases. He stated that "in cases where the facts establish that a price infraction has been committed but that the infraction is technical, accidental or unintentional, our practice is simply to warn the offender and then see his activities are checked at a later date to ensure that he is complying generally with the regulations and particularly with the order he infringed." [17] On second offenses, prosecutions generally resulted but, as McGregor said, the Administration examined each case on its merits to determine whether to proceed for "if we have reason to believe that the reaction of the court or of the public to a particular prosecution is likely to be unfavourable, and if we are satisfied that the offense is neither serious nor deliberate our normal conclusion is that the offender shall not be prosecuted and that a warning would be sufficient." Obviously, Enforcement officials learned their lessons well from the Chairman. Gordon always placed emphasis on the power of publicity in the whole price control campaign. Obviously, publicity played a major role in determining how and what areas the Enforcement Administration would concentrate its attention in prosecuting offenders. It would be fair to conclude that public perceptions of the enforcement effort played as large if not a larger role than the actual effectiveness of enforcement personnel.

At the same time as McGregor brought the Chairman up to date on enforcement operations, negotiations on relations between local Price and Supply Representatives and Enforcement Counsels produced a working agreement. From November 1943 Enforcement officials would handle simple examinations of purchase and sales invoices in matters dealing with straight selling price and mark-up infractions. In these efforts both the Price and Supply Representatives and the Board's Prices Division officials would be consulted by Enforcement personnel before launching any more substantial studies that might require the use of accountants to determine the acceptability or legality of certain practices. As well, infractions referred by the public to the Prices Division would be handed to Enforcement personnel while at the same time the Division notified the particular commodity administrator involved that Enforcement officials would investigate. The specific commodity

Administrators would receive a report at the conclusion of the investigation. [18] In this way the Board improved its enforcement efforts and replaced interdivisional rivalries and suspicions with co-operation aimed at increasing effectiveness despite the limited numbers of personnel available for the task assigned to them.

Not surprisingly such efforts and the resultant increase in prosecutions did not meet with universal acclaim. The Globe and Mail remained particularly critical throughout the war, and its anger burst forth in a March 1944 editorial that stated that almost "every week there occurs some prosecution in which a person accused of a violation of some wartime regulation is automatically assumed to be guilty and is called on to prove his innocence to escape conviction. The Wartime Prices and Trade Board, which is the most frequent prosecutor in such cases, is merely the executive instrument of a Government which has developed a dictatorial complex, and during a grim struggle for democratic freedom has abandonned all serious concern for elementary rights of the citizen." [19] Aside from the general antagonism between the Toronto newspaper's publisher George McCullagh and the Liberal government in Ottawa, which seemed to ebb and flow during the war, the Globe had picked a sensitive issue on this occasion and its criticism contained some truth. In fact the Board had hoped to avoid just this sort of response to its prosecution efforts as it believed such comments could only lower the public's opinion of the WPTB's effectiveness.

The comments raised the hackles of Gordon, for the following day a four page memorandum from the Board's senior solicitor arrived on the Chairman's desk, detailing the official Board view of the Globe's perceptions of prosecutions. H.D. Anger noted that in some cases the burden of proof did fall on the shoulders of the accused but this occurred most frequently when enforcing WICB regulations. Regarding WPTB orders that forced the accused to prove his innocence, Anger stated that "either the facts could have been only known to the accused, or that the Crown would be in the impossible position of providing a negative because all of my Division who draft orders are long-experienced lawyers whose views coincide with mine that the shifting of the burden of proof must be confined to the foregoing categories and even then should not be employed except in cases where an Order would otherwise be virtually ineffective." 20. With that assurance Gordon chose not to respond further to the Globe editorial, preferring to allow the situation to cool.

Suggesting some truth could be found in the editorial, however, McGregor reported to the WPTB Executive Committee in May that the programme of expanded enforcement had produced positive results. He noted an increase in the number of prosecutions partly because of the approaching end of a gasoline coupon book but also because he believed "a prominent upswing in prosecutions attributable to the development of a more effective organization for prosecutions." [21] In particular McGregor pointed to the growth in the number of prosecutions in Montreal and the Quebec region. He suspected that the Board's educational efforts had met with less success in Quebec, and furthermore newspapers in that province did not view the general economic situation with the same intensity as did the press in the rest of the nation. The Chairman blamed the lower level of compliance on the people of the province, commenting that "the temperament of French Quebec differs from that of English speaking elements in its attitude towards the law." [22]

In fact the situation in Quebec produced some concerns for Gordon. As a result of McGregor's report he launched an investigation of prosecution levels in Quebec. At a meeting of the Information Branch's Advisory Committee on

Problems peculiar to French Canada, Gordon outlined his views on Quebec support for controls:

> A great number don't understand the regulations. A number of prosecutions have been instituted by a feeling on the part of the trade that 'we can't help it; if we are caught we will pay the fine. It's part of the cost of living business in wartime.' A number of Quebec people take it for granted that the Board does not make allowance for the particular local conditions, he said. In Quebec generally the people do accept and understand that inflation in itself is a bad thing. They accept the fact that there should be a price ceiling. What we have to do is to explain the various factors of it. 23.

As usual Gordon resorted to the presumption that sufficient promotion and education would produce passive compliance. However information in itself would be largely useless as long as the Board retained a patronizing view of both the public in general and specifically of the people of Quebec. Paternalistic solutions would be of no value at all. The Board needed a firm effort to reach the people of Quebec in French. Translation of English language information, advertisements and other Board pronouncements would not in itself be sufficient.

For whatever reason the Board never understood or accepted this prerequisite. As a result its effectiveness in Quebec throughout the war remained well below that achieved in the rest of Canada. A publicity campaign likely would have limited effectiveness against the openly expressed views of French Canadians that "rationing was for the English only." 24. However, the WPTB enlisted the aid of the Wartime Information Board and in the summer of 1943 launched a major campaign to convince Canadians to conserve goods by curtailing the use of commodities in short supply and wherever possible substituting other similar goods where more plentiful supplies might exist. This campaign centred on food items. Despite these national public relations ventures the Board did not find acceptable solutions to the specific problems of support and compliance in French Canada throughout the remainder of the war.

Similarly despite all the memoranda and ideas exchanged throughout 1943 and 1944, the Board completed its third year of operation as far from an answer to the enforcement problems posed by the rationing of various commodities as had earlier been the case. At the May Executive Committee meeting that dealt exclusively with enforcement problems, gasoline led the discussion topics. Before that meeting the Enforcement Administration held its own conference in late March 1944 to consider gasoline rationing problems and to devise a proposal for J.G. Godsoe, the Chairman of the Wartime Industries Control Board. McGregor indicated in a letter to Godsoe following that meeting that "all Enforcement Counsel were very strongly of the opinion based on their day to day contact with members of the public, that much too large a proportion of the public has a quite unjustified feeling that gasoline rationing is not really necessary and a quite unjustified lack of faith in the principles applied in administration of rationing ... Whenever a gasoline rationing order is issued very excellent and extensive publicity is given to what is in the order but unfortunately in our opinion virtually no publicity has been regularly and generally and widely given as to why the law is what it is." 25. Again the Board concluded that publicity about the need for and operations of the gasoline rationing programme rather than publicity surrounding prosecutions could relieve enforcement problems. However the difficulties ran much deeper than such naive solutions could alleviate.

A memo to all Enforcement Counsel in October 1944 indicated that no solutions had been discovered. With a gasoline rationing book expiring in five months, senior administration officials called for more vigorous prosecution efforts by field officers. In investigating service station gasoline inventories, all consumers who might stop at the station for gasoline while this inspection of the operator's records was in progress would routinely have their ration books examined by inspectors. Deputy Enforcement Administrator McKeigan encouraged his officials to work with police organizations and other available resource groups to check ration booklets and station operations. Despite these exhortations the true scale of Administration efforts surfaced in the closing paragraph of MacKeigan's memorandum. He revealed that "our repertoire of investigation techniques has been pretty well confined to inventory checks, test purchases, consumer inspections and bank deposit examinations for counterfeit coupons. Suggestions of new methods of improvements of methods now in use would be appreciated very much." 26.

In the winter of 1944-5 the focus of enforcement efforts shifted. In the place of tire and gasoline rationing, officials concentrated on food rationing. The system had worked well for a long time but a serious breakdown in butter rationing in December 1944 attracted enforcement attention. In response the WPTB tightened the ration which eased pressures slightly in January and February of the new year. As MacKeigan told his officials, "the minimum of investigation and enforcement can produce the desired effects. In all regions steps have been taken to continue on a reasonable basis inspections of authorized butter reporters. This work, together with bank coupon audits being conducted by the Ration Administration in several provinces and further general enforcement investigations at wholesale and retail levels should continue to keep the situation under control although our vigilance must not be relaxed." 27.

The Deputy Administrator then predicted that supply shortages would make sugar the next commodity to come under great pressure unless consumption levels fell. MacKeigan suggested a crisis could be avoided only if "we and the Ration Administration can succeed in tightening up the present situation so as to eliminate black market disappearances ... It would seem worthwhile to consider arranging for more direct audits of suspected industrial users. We would suggest you discuss this with the Area Sugar Officer who has jurisdiction over your region and determine what can and should be done in your region." Even with this change in procedure, sugar problems would occupy both Ration and Enforcement Administrations for several months.

In May the government also brought the House of Commons up to date on Board prosecutions and convictions. To that month, 12,077 prosecutions had been launched with 11,411 convictions having been recorded. The Board at that point in time had just over 1000 enforcement and investigation officers acting on its behalf.[28.]

The figures suggested that the Board had been very successful in convicting those who had been charged. With the European war over, the numbers of rationing orders and the need for enforcement and prosecutions would quickly decline but undoubtedly some rationing would continue into the post-war reconstruction and decontrol period. McGregor informed the Commissioner of the R.C.M.P. at the end of May that "I do not think we can expect any relief from pressure for at least the next year. On the contrary in most fields the pressure will greatly increase and there is a real danger of extremely serious black markets developing in connection with many items of food and textiles and other goods." [29.] Pointing to black market operations in sugar, meat and textiles, McGregor stressed that the Board's prosecution policy would remain unchanged. Thanking the Mounties for their dedicated work in the past, the Administrator appealed to the Commissioner "on behalf of the Board to guard among your own personnel against the feeling that enforcement of the W.P.T.B. regulations and W.I.C.B. regulations is no longer of importance." Such an attitude could hurt all aspects of the country's reconstruction effort and jeopardize the gains that had been made by enforcement and prosecution efforts during the war.

Despite continued police diligence, problems with sugar ration coupon counterfeiting mounted during the summer of 1945. By the end of July, Enforcement personnel had discovered over 800,000 suspected forged sugar coupons in Quebec alone. Upon discovering counterfeit coupons the Ration Administration debited ration bank accounts of depositors and the Enforcement Administration took steps to suspend licenses of offenders, removing them from the ration food business. However, the Administration rejected the idea of posting rewards for forgers, as they feared this might produce manufactured cases and would make conditions more difficult for Board inspectors and police who worked on these cases. Finally Enforcement officials believed that the potential of rewards would produce "many false leads and crackpot suggestions ... from members of the public and more police time would be wasted in following these leads than would be warranted by the useful information received from good leads. A final objection is that the offering of a reward would be too obviously an admission of defeat." 30.

In the interim the Administration wanted penalties increased but the Deputy Administrator added that "the most serious single current problem, however, is the general feeling of indifference on the part of many members of the public toward our controls generally and toward our rationing controls in particular." The Board had its usual response, in preparation, a publicity campaign, but beyond that, officials could not think of any new ways to attack the problem.

Gordon took the matter to Ilsley at the end of August, equipped with a draft order-in-council that stiffened penalties considerably for violations. The Minister, while recognizing the existence of a serious problem, chose not to adopt the Board's solution. 31.

By late September Ilsley's hesitance seemed to have proven a wise move. The Enforcement Administration admitted in regard to the proposed tightening of penalties for infractions that "the situation at the present moment is not quite as serious as it was a month ago when we made our original recommendations. There are some indications that the flood of counterfeits is drying up, thanks to the administration and enforcement measures that have been taken. Between ten and fifteen thousand counterfeits are, however, still coming to light each week and we have no means of knowing when the flood might increase." 32. Despite the improvement the Administration stuck to its guns on the need for better legislation, noting that "we feel strongly that the mere announcement of such an order-in-council would do much to stamp out the counterfeit coupon racket. We have no intention of using the order-in-council, if it is obtained, otherwise than against the really bad actors, namely the counterfeiters and the principal distributors. We fully realize the seriousness and unfairness of using such an order-in-council in too over-zealous a fashion." These pleas fell on deaf ears.

A final response from the Minister was noted in the Board's October 4, 1945 meeting minutes. Ilsley "had deferred consideration of the proposed order-in-council for the time being on the grounds that it is undesirable to amend the Criminal Code by an order-in-council and that the Government wishes to avoid discussion of the measure on the floor of the House in connection with meat rationing." 33. Despite strong pressure from Board officials the government had no intention of granting WPTB requests on this issue, leaving the Board to do the best it could on its own.

As with the French Canadian situation despite frequent consideration of the problems facing enforcement officers, the Board always resorted to the two old faithful answers: more publicity and more prosecutions. Neither seemed a particularly imaginative solution and after each had been tried and found lacking, it becomes difficult to understand why senior officials kept returning to the same well only to express surprise that it remained as dry as it had been on their last visit. It might as a result be concluded that in fact the Board made no serious effort to reduce violations. Some evidence exists to support such a conclusion for Board officials quickly realized the monstrous task facing them should they seriously attempt to regulate rationing and price control. First, charging the multitude of violations would have completely jammed the nation's courts and, furthermore, with every prosecution resentment among the public would have increased. With price and ration controls having only tenuous support in the nation, any organized movement to overthrow the regulations in response to a rising tide of prosecutions would almost certainly have destroyed the Board, its operations and the government's economic stabilization efforts.

(ii) Black markets - A special problem

In dealing with black markets officials made sustained efforts to eliminate a practice connected with rationing and the maintenance of the price freeze that could threaten the continued existence and success of the WPTB. The Board defined black markets and its perspective on the matter in mid-1943, commenting that the term black market "has been used in other countries to describe the illegal price or supply transactions on an organized scale characterized by connivance of buyers and sellers, exorbitant prices, secrecy, absence of records or falsification of records. Some such operations are to be expected in Canada as serious shortages occur, but as yet we have no evidence that any such black market exists in Canada on any important scale in any commodity."[34]

Once they became popular, however, black markets presented new challenges for the Board's enforcement officials. First and foremost, as both the buyer and the seller of the particular commodity had reason for participation in the scheme, neither could be expected to inform the Board of the existence of the black market. As a Board report mentioned, "in typical black market conditions purchasers will neither complain to law enforcement authorities nor divulge information when interviewed,

and in most cases after each transaction is completed no tangible evidence of the violation exists." 35.
Therefore the confiscation of records would provide little hint of wrongdoing for investigators. Only the use of test purchases could assist in exposing black markets, but this sort of enforcement activity produced negative repercussions for the Board's public image. As a result test purchase efforts required specific authorization from Board headquarters in Ottawa.

Operating within these limitations, enforcement officials devised two methods of attacking black market operations. At one level, through maintaining close contacts with trade associations and other influential individuals in industries producing rationed goods, Enforcement Counsels looked for tips and bits of information to channel investigations in productive directions, even if these tips could not be used in court prosecutions. As well the Administration improved liaison with the RCMP and provincial and local police forces who could conduct more detailed and better organized investigations into rumoured black market operations. Accountants and other professionals also stood ready on loan from the Prices Division should their services be required in breaking a black market ring.

Despite the refinement of enforcement and investigation techniques black markets in rationed goods remained a particularly tough nut for the Board to crack. Through the use of counterfeit or stolen ration coupons and other documents, extensive black markets did develop in response to declining supplies of goods and the tightening of various rations. After the war, the Enforcement Administration's history commented that the most sophisticated activities involved professional racketeers who participated in gasoline, sugar and tire rationing. However, these professional attempts at evasion did not cause as many problems as the "more general black market conditions resulting, in connection with gasoline, butter and meat, from thousands of petty evasions. An especially serious situation arose during the latter part of gasoline rationing, until rations were increased and the pressure eased, because of organized racketeering on a large scale and because of thousands of petty evasions."[36] The belief that if an individual cheated once, it really would not make that much difference fuelled many black market operations. Added to this, the Board failed to convince the public either of the need for rationing certain commodities, most particularly gasoline, or that rationing operated in a totally fair and equitable manner.

The black market situation also covered non-rationed commodities in short supply. As demand grew, some people willingly purchased or sold above the stated ceiling level for the commodity. Price ceiling problems with lumber, textiles and used vehicles all arose from small time black markets and individual evasions of regulations. In some areas, housing shortages in boom periods of industrial expansion and growth based on the establishment of new war industries led to evasion of rental ceilings.

Outside of test purchases, the Administration possessed few weapons in the battle to eliminate black markets. Drafting legislation to impose sanctions against such activities proved no solution for "the difficulty ... lay in the prescription of penalty and in the problem of defining with precision the type of case to which the legislation would apply and the circumstances and manner in which it would be invoked." 37. Black markets could not be easily categorized and detailed which made it difficult for Board investigators to prove that in fact any operations they discovered were indeed black markets by any definition the courts might accept. The Board never resolved this difficulty and as a result never proposed any specific black market legislation to Cabinet.

(iii) The Administration's Performance

In general the Board's enforcement efforts demonstrated the degree to which the whole price control programme balanced precariously on public acceptance and support. As former Board employee E.J. Spence has suggested, "without the support in principle of the majority of the business community the programme as set up would not have been carried out and might well have failed completely. Enforcement, the self-interest of the buyer, the **vigilance** of consumers all brought great pressure for compliance but to a great extent the policy was carried out because business generally accepted and acted in the spirit of the law."[38] Both the numbers of enforcement and investigation officers and the tools at their disposal would have proven hopelessly inadequate had there been widespread serious violations of the ceiling and rationing orders. As it was when violations became apparent, the Board either attempted to keep publicity about them to a minimum or altered its regulations, as in the case of gasoline, to bring the government policy more closely in line with public perceptions and activities.

Outside of black market activities, and the rise of protest against the Board's reliance on the base period in the autumn of 1943, it could fairly be said that there were few long-lasting organized attempts to circumvent controls. Most Canadians became accustomed to living within the confines of price and rationing controls but that did not mean they enthusiastically supported the system. Some people in every part of the country remained opponents but there was only significant long term opposition in Quebec.

That could in part have been the fault of the WPTB's poor efforts to reach the people of Quebec in their own language. Without a strong French presence in the controls programme, French Canadians had no trouble in seeing the WPTB and its activities as an exercise that applied only to the English. If Quebeckers adopted such a view, it would make it even harder to convince them that they must comply with WPTB regulations.

In fact the opposition of Quebec to the controls programme might have been reflected in the provincial election of 1944 that saw the Liberal government replaced by the Union Nationale under Maurice Duplessis. Although there can be no question that in large part that election was fought on the issue of conscription. Duplessis emphasized the close ties between the federal and provincial Liberal parties throughout the campaign. As Herbert Quinn has noted "Duplessis succeeded in making the federal government's policies toward the war and conscription the main issue of the election." 39. His victory then could be viewed as a comment on provincial support for such programmes as wage and price controls.

The operations of the Enforcement Administration revealed the Board's conscious decision to maintain a low profile in enforcement and investigation matters. Senior Board officials believed that harassment could only worsen a situation that had the potential to get completely out of hand as the war years progressed. The Board and the government could not risk alienating the public or the business community, for should this happen the policy of economic stabilization would quickly fall victim to anti-controls hysteria.

In this fashion, enforcement operations mirrored other Board activities. Highly visible violators were apprehended and punished in the hope that this example would prevent others trying the same tricks. However no attempt would be made to put extensive pressure on either individuals or businesses to comply with the regulations. Hopefully it would be accomplished primarily by voluntary means. In this way the WPTB could avoid the expense and antagonism of massive enforcement efforts while reaping the publicity benefits of a controls programme that appeared to be working. Enforcement operated at the periphery, called upon to operate only when cases presented the potential for massive violation, and to provide the public with at least some perception that violators of price control and rationing regulations could not continue to act with impugnity. Some threat of reprisals had to exist even if, in the minds of Gordon and those at the top, it was little more than a publicity effort designed to achieve as much as possible with as little actual activity as could be justified.

Chapter Eight

Shaping Public Perceptions

Price controls, rationing and the enforcement of WPTB orders all brought Board officials into daily contact with Canadians across the country. However this side of WPTB activities consisted solely of the central authority telling citizens what to do. At the same time a mechanism had to be created through which the views of individual Canadians could be communicated back to the regulators. If such a system could be established then individuals might accept regulation more easily with the knowledge that they played some role in determining whether the regulations were necessary.

The WPTB undertook to develop such a relationship with consumers through the creation of a Consumer Branch and the formation of many local advisory committees scattered across the country. At the same time, the Board's senior officials also benefitted in their deliberations from an independant means of gauging public opinion. During the Second World War opinion polling acquired legitimacy as a way to test public sentiment. With the passage of time during the war, the WPTB increasingly relied on polls as a supplement to reports from Board officials and complaints from the general public. Each of these methods of sampling public opinion sought to provide the WPTB with an accurate, advance assessment of the public reaction to any planned Board move and the level of satisfaction with existing WPTB operations.

It was not enough merely to receive these comments about public opinion, for the WPTB and the government in the Second World War found it had the means at its disposal as well to shape that public opinion and ensure support for the courses of action chosen by the government. That new power came through the rise to prominence of the mass media. Technological changes had revolutionized warfare between the First and Second World War and changes on the home front matched these military developments. Even for the average Canadian, whose home front participation in the war was limited to reports of U-boats in the Gulf of St. Lawrence, prisoner of war camps scattered across the nation, the possibility of Japanese ships shelling the British Columbia coast or troop movements through the Aleutian Islands to Alaska and to the remainder of northern Canada, the war acquired an immediacy that did not exist during the previous global conflict from

1914 to 1918. In part this grew from the rapid growth in the scope and influence of the mass media. Canadians could hear almost instantaneous reports from the front lines through Canadian Radio Broadcasting Corporation stations. Telegraph operations had improved greatly as well, allowing war correspondents stationed at the front to report daily to newspapers across Canada. At cinemas newsreel footage of important events in the war received prominent display. Throughout the conflict, however, it remained difficult at times to differentiate between news and propaganda, as a national radio broadcasting system and the National Film Board brought the war to the homes and streets of communities from coast to coast.

After the start of the war, these new methods of reaching Canadians did not remain unexploited for long by individuals and organizations within the federal government. 1. Each government body had an assigned task involving some aspect of the domestic or foreign war effort. For the Wartime Prices and Trade Board, newspapers, radio stations, magazines and newsreels became the perfect means to transmit its message. Reaching most Canadians in every geographic corner of the nation, a pronouncement from the Board Chairman in Ottawa could instantly travel across the country.

The mass media also provided other advantages for the Board. Through the skillful use of advertising, the WPTB could promote the public compliance needed to make the programme a success. Making Donald Gordon's name, face and voice identifiable in every household across the country as he regularly pleaded for support for price and ration controls could convince many Canadians that the Board was working hard to maintain the ceilings. Gordon's acute sense of the value of such activity assisted greatly in Board efforts in this field. He recognized the importance of the media and the need to promote price and ration controls by every possible means. Much more than those around him, Gordon understood that the details of price and ration controls were in many ways immaterial for success in the Board's work. Of much greater importance was the public perception of the successes achieved by the programme. If Canadians believed that price control and rationing worked, much of the Board's enforcement effort would become redundant and unnecessary. There would be no overwhelming attempt to evade controls. Those who broke Board rules and regulations could legitimately be viewed as outsiders going against not only the best interests of the nation and its war effort but also against the common practices of the vast majority in the community. As long as the public believed that conditions remained good and the price control programme was succeeding no further coercive moves by the Board would be required to obtain public compliance.

Using this logic Gordon's activities could be viewed in a somewhat different light. Public perceptions of the Board's actions remained a vital point to be considered by the Chairman before he authorized any Board action, particularly if moving onto previously uncharted ground. In almost every step Gordon kept publicity prominent in his mind. This obsession with publicity and the promotion of the price control programme had its bad side as well, for with monotonous regularity whenever a problem confronted the Chairman and the select group of senior Board officials that he regularly consulted, Gordon immediately turned to publicity as the solution. He maintained a steadfast belief that with proper promotion and publicity he could win support for any and every programme proposed by the Board. Frequently the results did not justify Gordon's optimism but his support for this sort of response never wavered. The lack of effective enforcement capabilities limited Gordon's ability to impose a hard line response to problems the Board faced. He thus relied on persuasion and **coercion** in the hope that matters could be held in check. In the final analysis this may have been the correct course to follow as it certainly eliminated the threat of a major confrontation between the WPTB and a defiant public. The government would have been placed in a very difficult position had such a polarization occurred. The price the Board paid for preventing this was the frustration of seeing its orders defied on occasion.

(i) Women and Price Control - The Consumer Branch

From the beginning Gordon wanted Board officials to take all possible steps to present the WPTB in the most favourable light to all Canadians. Establishing a Board presence in as many communities as possible became one way to achieve this goal. Through local Price and Supply Representatives, Regional Offices and later Local Ration Boards, the WPTB became a recognized fixture in communities across Canada.

Soon after the imposition of the price freeze, senior government officials within the Board and outside its immediate sphere focussed attention on the relationship to be fostered between the Board and Canadians. Individuals anywhere in the country should be able to bring a matter to the attention of the Board. Whether only a suspected violation or a mere question about the operations of the freeze, the Board wanted to be accessible to all. This could circumvent any allegations of authoritarian, centralized bureaucratic direction of the freeze programme. At the same time, the Board needed to reach women in particular. Women did the shopping for most families. If they could be persuaded to watch prices vigilantly in their local stores and report any violations or suspected violations of freeze regulations, Board officials could save considerable time that might otherwise be spent in complicated enforcement investigations. This had the twin benefits of keeping down Board enforcement costs and also giving all in the country a sense that each consumer had an integral and important part in the overall economic stabilization effort. Not surprisingly these proposals for public participation in Board efforts led to the suggestion that the Board form a Consumer Branch. It would receive input from the public and co-operate with women's organizations and other consumer groups in spreading the news about the operations of price control and in informally enforcing its many regulations. Gordon and other Board officials quickly adopted this suggestion. On January 30, 1942 Byrne Hope Sanders, well known across the country for her consumer interest as editor of Chatelaine magazine, became the head of the Branch. [2.]

Sanders wasted no time in beginning her new assignment, leaving soon after her appointment for a lengthy tour of western Canada to gauge the shortcomings of the price control system and to determine the role to be played by her newly constituted branch in eliminating problems. During that tour she spoke with Board price and supply representatives, enforcement officers, field representatives, members of women's clubs, editors and columnists and civic and community leaders. Returning in August she told Gordon that most Canadians had accepted any difficulties brought on by price control. At the same time retailers and wholesalers also worked to control prices, but when problems occurred most could be handled by the WPTB regional and local offices. Confidence had grown as the public and the regulators became more familiar with the Board's rules. As a result, Sanders now concluded that after a year of price control that "I think you will find the people ready to take on new restrictions and hardships. In fact, in many regards, they are ahead of us. The feeling is that, in spite of the many difficulties incurred, the Board has done a sincere job and you will find them ready to work with you in any new restrictions and difficulties which lie ahead." 3.

Sanders followed that tour with an ~~east~~-coast junket, contacting similar individuals and organizations. Again she wished to judge the effectiveness of the price control programme and the level of support among individual Canadians for the WPTB. Down east she found a very different perception of controls. Retailers appeared confused about the operations of the programme and shortages of products existed. The public did not understand the need for local officials and thus questioned the Board's expenditures in establishing local offices. Many people believed they would be driven out of business as they would not be able to obtain necessary supplies of products that they sold. Throughout the whole region Sanders identified one common sentiment: "Board rulings are made to suit Ontario and Quebec and that Maritime conditions are so different that it works for hardship." 4. A sense of distrust and scepticism dominated Maritime views of the WPTB.

Perhaps these strikingly different perceptions reflected the economic conditions of the two regions. In the west, after a lengthy depression and incredible economic hardship, the war had turned the farming industry around completely. Now farmers made decent returns on the physical and financial investment in their crops. Under such circumstances, with rising personal incomes it would have been a major surprise if westerners opposed price controls that regulated the price of goods they purchased. Without the freeze and with farm incomes on the rise it might otherwise have been natural to expect prices to rise as well. Initially the Board strictly controlled the prices of manufactured goods while leaving farm products with some price flexibility. Until the WPTB clamped down on food prices, the people of western Canada seemed to enjoy the best of both worlds.

The same could hardly be said for the population of Atlantic Canada. As with much of the twentieth century, economic development passed the region by during the early war years. The massive expansion in Canadian industrial activity and output, centred in Ontario and Quebec, left virtually nothing for the Maritimes. Halifax served as the assembly and departure point for many convoys that braved the U-boat filled waters of the North Atlantic to supply Britain and the Soviet Union with munitions and food from North America. As the assembly point for European troop departures as well, the Atlantic region was flooded with servicemen whose main influence on the price control system consisted of draining commodity supply levels from the shelves of many local stores. This produced shortages that the public perceived not as the result of purchases by servicemen but as flowing from the policies of the Board and the government that primarily aided central Canada with little or no regard for the Maritimes. These perceptions would not be changed easily or quickly.

In September representatives from all the Women's Regional Advisory Committees established in Board offices across the country met at a conference. These committees communicated between local women's groups and Consumer Branch head office staff in Ottawa. At the conference a list of most frequently identified problems emerged:

1. Degradation of quality of consumer goods, with especial reference to deterioration in women's and children's clothing, woollen goods and cotton work clothes. Substitutes in canned goods led to the belief that lower grades in this line as well were being offered.
2. Excessive prices of meat, vegetables and fresh fruit.

3. Discouragement in reporting price complaints due to the instability of the ceiling and the increasing number of authorized price increases; consumers feel they cannot keep pace with the changes.
4. The over-eagerness of many consumers to get scarce goods and their willingness to pay any price for them.
5. The need for price posting or some standard guide to ceiling prices. 5.

If the Board hoped to build public support for its policies, it would have to act on some, if not all, of these issues. However, the WPTB chose to confront few of these issues directly.

In addition to price control and supply matters in the autumn of 1942 the Board became increasingly involved in rationing. Throughout September, October and November the Ration Administration established offices across the country. This new venture gave the Consumer Branch a chance to change the strained relationship with the Ration Administration that lingered from the time of the initial rationing efforts in the spring of 1942.

At that time, officers of the Ration Administration travelled across the country meeting many local groups, including members of the Women's Regional Advisory Committees. Ration officials gave instructions to the women that frequently ran completely counter to those forwarded to WRAC members by the Consumer Branch. Throughout the summer this produced confusion bordering on chaos. In late September Sanders therefore approached M.W. Mackenzie, Chief of the Prices Division who also retained supervisory power over the Ration Administration's activities, with a scheme to involve WRAC members in establishing local ration boards. In future all WRAC chairmen would be advised of the rationing programme and as municipal officials contacted the WPTB to set up local ration boards, Ration Administration officials would pass this information on to the Consumer Branch head office staff. They would in turn inform the WRACs and ask them to contact the municipal officials. 6. Mackenzie agreed and told Sanders that Ration Administration officials had, in talking with local mayors and reeves, "stressed that the WRACs were in existence and would undoubtedly be of great help to the mayors not only in the setting up but in the operation of the Boards." 7.

Working with the local ration boards was one of the WRACs' activities. As the price control programme expanded, more opportunities surfaced for the Consumer Branch to fill gaps and provide much needed communications links between the public and the head office of the Board in Ottawa. The relationship between the WPTB and organized labour provided one example of this. Labour could potentially have a profound influence on the success of price control. It remained essential therefore to maintain good relations between the Board and the labour movement. However, Gordon showed a remarkable reluctance to establish any organized programme for reaching labour. A Consumer Branch official, Christine White, assembled a detailed plan for involving the labour movement in Board activities in October 1942. Gordon rejected the idea as he believed that "while we could probably do a very good job of setting up a complete organization of committees and representatives, such an organization would become confused and distracted by problems other than those of price control." 8. Whether by lack of interest or knowledge, Gordon retained a distant relationship with labour throughout the war, and spurned most opportunities to improve WPTB-labour understanding of each other.

With the rejection of her scheme for a comprehensive system for dealing with labour, White turned to other methods of preaching the price, wage and ration control gospel to labour through the winter of 1942-3. She toured the country meeting with trade union leaders and members to discuss various price control matters and the operations of the Consumer Branch. Providing unions with a sounding board for their comments and criticisms improved relations with the Board somewhat. As well White visited farmers and rural communities to pass comments on to the Board's Administrators and Information Branch. In conjunction with these efforts she encouraged labour journals to publish articles about price and ration controls and provided Board pamphlets and information to individual groups and communities through provincial Ministries of Education and local teachers and school board officials.

This met part of the need but White remained convinced that the Board should establish a formal organization and structure for contact with the labour movement. By March 1943 she believed action had become essential as she perceived a shift in labour's attitude from a primary concern about wage levels to increasing thought about labour's rights to goods in short supply such as food. She proposed a solution. Trade Union officials should have more opportunity to voice concerns about specific shortages and other related matters directly to the Consumer Branch. She told Sanders she did not want to establish formal committees but rather would "write a letter to each Trade Union Secretary, explaining the Consumer Branch and suggesting that problems regarding consumer goods should be sent directly to the Consumer Branch. Once contact of this kind is established, it then is an easy matter to forward such information as we desire to Unions ... To use the Consumer Branch and develop a contact in this way from ground up, rather than working through Trades Unions leaders from the top down, has distinct advantages." [9]

When Gordon circulated these suggestions prior to reaching any decision on his own, they met with a less than warm reception in other government circles. Harshest criticism came from the Deputy Minister of Labour who noted bluntly that "I had considerable misgivings about the suggestions she makes in her report as to your dealings with Labour organizations ... I really believe that what you have to do to gain labour support is to 'take them into the family circle'." [10] Yet this was precisely what Gordon and senior Board staff refused to do. As with farmers who complained bitterly about being subject to regulations over which they had no input, labour was likewise woefully underrepresented within the corridors of power at the WPTB. More often than not labour only heard about new plans as they were announced to the general public.

This undoubtedly contributed to labour's growing uneasiness about the effectiveness and egalitarianism of the whole controls venture. Had labour been given a voice in the decision-making process, participation might have moderated its views about the programme.

Despite being thwarted yet again in this effort to obtain greater involvement for labour in the price control programme, the Consumer Branch continued its information-gathering role. The effectiveness of the Branch's operations was noted in May 1943 by the Regional Offices Administrator, R.T. Black, who stated that there "is no doubt ... that as a result of the publicity given to the Board's work and the efforts of the Consumer Branch, the public is more price conscious today than ever before. This has had a deterring effect on many retailers who might otherwise have broken established price ceilings. The activities of Consumer Branch have done a great deal to help consumers appreciate the problems not only of the Board but of retailers. The indirect results of the work of the Consumer Branch are greater than the direct results obtained from their price policing activities." [11] A subsequent memo from White to Sanders, noting the problems that continued to plague WPTB officials, centred on the inability of some government officials to perceive that many Canadians now took a very active and increasingly sceptical interest in the official cost of living index. In the face of this development the failure of the Dominion Bureau of Statistics to defend the index distressed White. She commented that "the workers readily admit the value of price control but feel that control in the form of rigid price ceilings has not been kept. They are convinced that the index does not reflect accurately the changes in the cost of goods and are definitely of the opinion that they are being gypped." 12. She therefore suggested the Board's Information Branch renew the WPTB's price control publicity efforts for "the general public has no appreciation of what has been done and the Board receives the criticism due to ignorance." It seemed that the Chairman's limited range of solutions to problems faced by the Board had filtered down to lower levels as well. Again, rather than recognizing the legitimate complaints of labour and responding to them, the Board continued to hide behind the cry for more and better publicity efforts.

Despite the lack of action from the Board on its views and suggestions, the Consumer Branch continued to pursue its goals zealously on the local level. The Women's Regional Advisory Committees remained at the heart of Branch activities for "under them grew up as the real spine of price control, a widespread army of 16,000 women.

Each one, prominent in her own locality, was equipped with a little blue book. She was to record prices in the book, report on any **discrepancies** and generally maintain a watch on local conditions." [13] The WRACs raised some hackles late in the summer of 1943 as regional officials resented this group imposing its views and perceptions on the public and threatening to thwart the activities of other Board divisions. By October 1943 the supervisor of the Regional Offices Administration informed the Board's Secretary and General Counsel R.M. Fowler that several problems had developed. In some parts of the country Board officials refused to take either the Consumer Branch or the WRACs seriously, either hindering their work or just disregarding them. This in part came from confusion about the policies and programmes of the Consumer Branch and the WRACs. The result was a lack of co-operation between local Board officials and investigators and the Consumer Branch representatives. Those problems were complicated by occasional friction between WRAC members. The low view held by regular Board employees of these volunteers also sprang from the eagerness with which the women would report suspicions of infractions without really taking the time to check whether actual infractions might have occurred.

Board officials generally tended to view the Branch in some regions of the country as just a nuisance to be worked around. 14.

This report produced a clarification of the exact involvement of Consumer Branch officials in local price control matters. Early in November the Board produced a lengthy memorandum outlining the programme of education to be conducted by the Consumer Branch. The memo noted a growing gap between the better WRACs that could handle fairly difficult pricing problems and the general public that still understood very little about controls. Some dangers sprang from the wide differences in the level of knowledge and sophistication of individual WRACs. As a result the memo cautioned that the Board "should particularly watch the fact that where a Consumer Branch committee is weak or inactive, an entire town or city may lack adequate information about our work as a result; and that similarly a poor liaison officer means that her whole organization may be deprived of the very information that would be considered vital by the membership." 15. The memo argued that many Canadians only dimly understood the existence and operations of the Consumer Branch. In fact it suggested that many people neither knew nor understood many aspects of the operations of the whole Board. At the same time, it criticized the Branch for not spending sufficient time in assuring that WRACs operated at a level that even approached efficiency. In conclusion the memo noted that simple solutions existed: keep pumping out information, make consumer representation more effective, and convince every woman in the country that she had a role to play in preserving price and ration controls. The Board should launch a community-wide campaign heavily publicizing the aims and objectives of price control and the Consumer Branch's role in maintaining current price levels.

While the steps taken to monitor and upgrade the activities of the WRACs continued throughout 1943 and 1944, Christine White finally received permission in August 1943 to organize a reporting system of labour liaison officers. Using their input White presented labour's views on the level and extent of price control problems to Sanders at the end of the year.

Labour backed price control but believed poor administration made it only 50 per cent effective while wage control achieved total effectiveness. At the same time the WPTB has opposed raising sub-normal wages while assisting profits to stay at normal levels. Turning to other aspects of the stabilization programme labour strongly supported rationing but believed that some food costs could be lowered if meat packers and processors had their profit margins reduced. Finally, of course, labour wanted the full cost of living bonus to be paid to workers.[16]

The results of public opinion polls also suggested dissatisfaction with the wage control order. Asked by the Canadian Institute of Public Opinion whether the government "has not been as fair to labour in handling wages and taxes as it has been to farmers, office workers and other groups", 25 per cent of the general public agreed. That figure rose to 34 per cent among union members, with 23 per cent in each category undecided on the question.[17]

These issues struck at the centre of price and ration controls and led White to conclude that "the theory of price control is accepted but the general public has over-simplified the problem and has not yet been forced to assume personal responsibility for its success. At meetings I find that most people have little or no knowledge of the controls which presently exist." She added a final comment for the Board's benefit: "a serious lack of respect for Board regulations is developing, due, in part, to the fact that the Board has had to permit so many advances from ceiling prices. Therefore a new campaign should set a new line and establish a point where the ordinary consumer could make his influence felt."

In many ways White's frequent comments on price control matters represented a startling condemnation of the lack of effectiveness of the system. That by the end of 1943 she could report that many people still seemed to possess only the vaguest comprehension of the most basic components of the price and ration controls imposed by the government suggested that a substantial credibility gap still existed. The Board always responded with suggestions of further publicity and educational efforts to impress the details of the programme upon the public. It remains difficult however to understand, in the face of no marked change in the content of White's reports even following educational campaigns, how Board officials at all levels continued to believe that success could be achieved through greater information, education and publicity efforts. Surely they must have perceived the limited effectiveness of scheme after scheme at some point. This shortcoming clearly demonstrates the Board's unwillingness to use more rigid enforcement to generate compliance.

The Board had to look no further than public opinion polls to see that its educational and informational efforts had failed. Between February and September 1943 approval of the price and wage ceiling law dropped from 80 per cent of the population to 69 per cent, with the undecideds rising from six per cent to 11 per cent. [18]. Then in November 1943, only 50 per cent of Canadians believed that the price ceilings had kept prices from going up, compared to 62 per cent eight months earlier. The undecided group had been cut in half from the March total of 10 per cent. [19].

Two years after the start of price control many Canadians remained ignorant of its operations. This widespread lack of comprehension accompanied by a general tightening of the squeeze, had led to growing demands in the second half of 1943 for the abandonment of the base period and in some quarters produced a call for an end to price control in toto. It remained ironic that as the Board publicly refused to abandon the base period and yet made increasing numbers of changes, shuffles and compromises that made the base period a virtually meaningless standard of comparison, in many cases the Consumer Branch reported to the Board that few people understood how the system was even supposed to operate. Perhaps this, in some ways, encouraged Board officials to make necessary alterations and adjustments to relieve serious pressures on merchants and manufacturers in late 1943 and early 1944. Did the Board feel safe in the knowledge that because few Canadians appeared to understand the basics of price control, it could make adjustments while still claiming that the originally proposed scheme was working as planned with remarkable success? It took either courage or confidence to expound such a theory but it seemed to work. The public believed that price control did work and those businesses threatened by a rigidly imposed system received some desperately needed relief through alterations in regulations. However, at the end of 1943 the point remained that many Canadians had only a limited perception of theWPTB's activities and raison d'etre.

Not surprisingly the focus of Consumer Branch operations changed in 1944 to reflect a growing Board pre-occupation with decontrol and reconversion. Some officials turned to the most important issue of the day: how would Canada emerge from controls? However, there still remained a need to continue to push for compliance with existing controls as long as they remained in force.

The Consumer Branch gradually assumed a dominant role in these activities. By 1944 it had become a major part of the government's propaganda machine sending speakers out across the country, ensuring that magazines published pro-controls stories and distributing a weekly round-up on developments connected with all controls. The National Film Board produced films for the Branch and even a radio soap opera Soldier's Wife (L'ami du Consummateur in Quebec) pushed the price and ration controls line. These efforts achieved success at least in giving the WPTB an average of between one and two million lines a month in the nation's newspapers from 1942 to 1945.[20.] As well the Branch continued to develop special programmes to promote price and ration controls. One such effort in mid-1944 was the Mrs. Consumer Week. The Branch assumed, probably correctly, that wives shopped for and supplied each household. So if each housewife could be persuaded to toe the line on all the regulations and orders issued by the Board, a major victory would be scored by the Branch.

The Mrs. Consumer Week promotion, from May 22 to 29, 1944 focussed attention on "the important part played by the women of Canada as consumers in maintaining economic stability. The chief channels of publicity were meetings of local women's organizations, the press, radio and windows and displays on the part of the retail trade." 21. The promotion succeeded, as a report to the Chairman credited the success to "the enthusiasm of women's organizations, the press, radio and retail merchants who produced a terrific volume of publicity and a large number of meetings across the country." Whether the publicity generated by the effort actually produced increased compliance with Board orders, however, is virtually impossible to determine.

The inability to quantify precisely the results of Branch efforts did not discourage the Board from continuing to rely upon this sort of campaign. In decontrol it became particularly important to have an accurate gauge of the ever-changing views of the public on the pace of reconversion efforts. The Board could act with confidence in the staged removal of ceilings and regulations if it had a rough idea of the likely reaction of the public to any particular move. The Branch drew this information from over 16,000 individuals involved in the Women's Regional Advisory Committees scattered across the country and almost 500 additional volunteer labour liaison officers working with labour groups.

The WPTB did not use these volunteers solely as sources of information. It also tried to draw them into the decision-making process to give them a stake in the price control programme and in ensuring its success. The Financial Post outlined one such venture that met with considerable success in 1944. Price study panels established in many areas worked "closely with the offices of the Board in their localities ... composed of women shoppers who make impartial studies of certain retail prices each month, [they] are able to report local trends, locate trouble spots and furnish other valuable information to the Board." 22. Success in the initial months of the programme led to considerable expansion of price study panels in 1945.

Without doubt though the Branch mounted its largest effort in response to the reimposition of meat rationing in September 1945. Given the government's decision that rationing had to be reimposed to conserve meat supplies for export to liberated Europe, Sanders involved her local officers in backing the programme. She then reported to the Chairman that "We propose in Consumer Branch, to launch a big programme now pointing out to women leaders that by educating their membership to the need for a thorough understanding of the mechanics of rationing from the consumer viewpoint and of the need for helping the butchers they can make the plan a success." 23. At the same time she received an interesting report from Christine White who noted that anti-ration publicity had produced confusion in labour circles. Workers would accept a sacrifice but news that it might be unnecessary left the labour movement wondering how to respond. The answer came as the news broke that meat dealers led the anti-rationing forces. Then, as White noted, there "was an immediate swing in labour opinion. Labour now thought vested interests were apparently fighting the Board, and Labour was on the side of the Board. Telegrams and resolutions from all sections of labour supporting rationing began to arrive with increasing frequency." 24. The Board placed great confidence in the Consumer Branch and its volunteer support groups. Following a December request to the public to withold voluntarily unused meat coupons and return them for cancellation so that more meat could be shipped to Europe, the Board's Executive Committee decided "that the proposal was desirable if the matter could be handled through the existing Consumer Branch organization without resorting to national appeals, radio broadcasts and the like." 25.

Opinion polls in September had suggested that the public supported the resumption of rationing, as 68 per cent of Canadians agreed with the programme against 23 per cent who opposed it. As well 67 per cent of those polled knew that the ration had been brought back to supply food to Europe. The next largest group of those asked, 9 per cent, did not know why meat had been rationed again. 26.

In December, Sanders reported on consumer opinion received during her recently completed trip to ten western Canadian cities. Brief and to the point, she noted among the public:

1. "A tendency to question and argue about explanations furnished respecting Board activities;
2. Public apathy to any sense of danger of inflation;
3. A marked irritability over shortages;
4. Comparisons between the United States and Canada unfavourable to the latter, in regard to supplies of such items as sugar, candy and silk stockings;
5. Apprehension that the Board will weaken in maintenance of price control." 27.

The report led the Chairman to conclude that the Board's task would become increasingly difficult with the passing of months as "there is growing public determination that a number of factors must be restored which will necessarily bring a degree of inflation." As a result the Board rejected any thought of continuing to hold a solid line in the relationship between cost of living increases and the basic period. Such a conclusion supported the perceptions of Sanders and her officials that the Board would have to counter the growing impatience and uneasiness in the face of continued controls following the conclusion of the war.

The Board responded early in 1946 by accelerating the pace of decontrol of commodities and prices. As the numbers of goods no longer controlled increased, the need for and usefulness of the Consumer Branch and its network of feelers across the country declined proportionately. Early in 1946 the Board concluded that the Branch, in line with the gradual phasing out of all Board operations during the 1946-7 period, would cease operations in the mid-summer of 1946. On May 2, 1946 at a Board meeting, the Chairman reversed that decision in response to a series of price increases that could have an inflationary effect on the economy. Under the circumstances Gordon agreed with the conclusions of a number of the WRAC chairmen that "it would seem essential that the Board's policies and plans should be further explained publicly." [28]. To do this, the Consumer Branch remained in operation until the end of 1946 under the leadership of Miss Sanders, who had extended her leave of absence from the Maclean Publishing

Company. [29] At the end of the year the Branch's life ended after having performed the tasks assigned to it throughout the war in admirable fashion.

The Consumer Branch had served as a valuable conduit of information for the WPTB to and from the Canadian people. Like rationing, the Branch also established a local presence in many communities and gave Canadians in all walks of life an opportunity to participate in WPTB activities. Canadians accepted the Consumer Branch and throughout the war it remained the most successful of the WPTB's attempts to reach the Canadian people with the message of price and ration controls.

(ii) Press Treatment of the WPTB

Even with such success, the Board found it necessary to supplement the efforts of the Consumer Branch in shaping public perceptions of the price control operation. In early 1942, concurrent with the start of Consumer Branch activities across the nation, the WPTB launched an advertising campaign to promote compliance with its orders and regulations, and to educate Canadians about the operations of the ceiling and controls. Gordon outlined the Board's philosophy to Finance Minister Ilsley in April 1942:

> I feel it is of the greatest importance to the price ceiling policy that the public be kept informed in regard to the regulations of the Board. To do so adequately it will be necessary for us from time to time to take some newspaper advertising space to announce certain regulations and as well explain them. In addition to this there will be special measures such as, for example, procedures which are designed to cover rationing of foods which will require to be explained to make them successful. These would also have to be done through newspaper advertising. We shall have to use the radio on occasions and plan to do so wherever that medium seems to best fill the needs ... My view is that the Board should recognize its duty to keep the public informed and be prepared to take such reasonable steps as seem to be called for in that connection. Consequently, I do not propose to submit a regular budget but intend to authorize necessary advertising in light of current needs. 29.

This philosophy guided the Board throughout the war as the Chairman and the Information Branch placed advertisements to promote WPTB programs. At the end of 1942, Maxwell Henderson, the Board's Comptroller, outlined the general breakdown of WPTB advertising expenditures during the war's first year. The total outlay of approximately $638,000 was split along the following lines: newspapers 52.5 per cent; trade papers 2.4 per cent; farm papers 2.5 per cent; radio 26.5 per cent; billboards 2.0 per cent; films 7.2 per cent and production costs 6.9 per cent. 30. This split remained fairly constant throughout the remainder of the war. 31

However, such a breakdown hardly provided a true indication of the sort of publicity and promotion obtained by the Board. For every advertisement that appeared, newspapers across the country carried many more articles explaining Board programmes, with little if any critical comment. As well the Chairman's voice became a familiar rallying cry on Canadian radio. Gordon made increasing use of this medium to exhort Canadians to comply with price control. As a result, actual paid advertising only comprised a small part of the publicity obtained by the WPTB for its programmes. Advertisements merely reinforced the overwhelming media image that price and ration controls were good things, were working and would require the continued support of all Canadians to preserve the nation's economy for expansion in the post-war era. Articles such as the "In Your Opinion" section of the Financial Post (in which leading individuals in the community commented on important issues of the day) frequently centred on the need to maintain price controls. In tune with the rest of the campaign, business leaders spoke in glowing terms of the programme while suggesting that anarchy would result if the Board did not restrain cost increases and keep wages under control.[32]

Neither the Board nor the government was content to promote price control and other government wartime activities merely through advertisements. The government would have to take an active role on its own. On June 1, 1942 Mackenzie King took the first step in this direction by appointing Charles Vining to conduct a review of the government's information activities. 33. From his study came the Wartime Information Board. Under the leadership of John Grierson the WIB would plan an active role in 1943 and 1944 in shaping the government's wartime propaganda machine. Dealing with all government departments, the WIB on occasion worked with the Information Branch of the WPTB. Here, as with all matters relating to the Board, Donald Gordon played a dominant role. He became the personification of everything involved with price and ration controls. Gordon's promotional campaign in the press sometimes ran onto rocky ground for, as with much else he did in the WPTB, the Chairman tended to steamroll over any objections on his way to his desired goal. A bitter exchange of correspondence with Norman Smith, the editor of the Ottawa Journal, provided some insight into Gordon's tactics to ensure positive publicity about the WPTB.

The short battle commenced with a letter from Gordon to Smith complaining about an article that appeared in the Journal. The story claimed that the armed forces would be stripped of their overriding priority on supplies of leathers and textiles. It also noted that a new committee under Gordon's direction would attempt to halt the services' practice of over-ordering certain commodities that had produced civilian shortages. 34. In a subsequent letter to Smith, Gordon bluntly noted "my reason for writing to you on the 24th was to point out that certain of the so-called 'news' stories appear to be written in a mischievous effort to provoke friction between Government Departments. Certainly they seem to serve no other purpose." 35. Smith acidly replied on the 28th that "the Journal as an enterprising and self-respecting newspaper is not prepared to accept only the innocuous and belated matter that is fed to it by the [WPTB Information] Bureau's chief. The Journal has shown its desire to help you in the grand work you are doing but it has an unholy hate for censors of all kinds." 36.

To demonstrate the concern of the paper's staff, Smith enclosed three memos from reporters "after deleting some pretty angry lines". 37. The message came through loud and clear:

> I recall that the Prices Board did not hesitate to call the press censors to 'kill' our item about the rationing of butter on the eve of Mr. Gordon's radio announcement. This was done by the censors on the ground that it might cause a 'run' on butter. No 'run' could have been made. There was no butter available. 38.
>
> You will recall that Mr. Gordon has 'denied' other Journal stories and then, later, in an official announcement borne them out ... Among those perhaps outstanding of recent date, was Mr. Gordon's denial of our story that his Food Administrator, then Gordon Taggart, who has since resigned, was losing a portion of his control powers to the Agriculture Department. In that story which we flared, we said that the Agriculture Department would take over the fixing of producer prices, control mass distribution of food and administer the butter market. The story set out that the Prices Board in transferring of food controls would be left with just about only the ration administration. The Prices Board loudly protested that story, but it was confirmed a few days later, early in the session and in the House by Agriculture Minister Gardiner. There have been other instances such as the fore-going. 39.
>
> While I understand the respect the Journal has for the important Mr. Gordon he, like a number of other wartime 'Czars' makes a practice of trying to 'take care' of reporters who bother him, by going to their managements. It has happened before and probably will again. 40.

It remained a touchy subject. On the one side newspapers did not wish continually to criticize the operations of the WPTB, or any other government body for that matter, for fear of being accused of being unpatriotic, hurting the war effort and stirring up opposition to controls. Yet a rebellious spirit took hold of the hearts of many journalists when faced with the reality that they had to follow the Board's line whether they believed it or not. Even if they found information through diligent investigatory work that countered the Board's official line, it rarely saw the light of day. The fact that their 'scoops' could not be published or would be denied should they appear in print did little to help reporters' morale and enthusiasm. On the other side the Board's denials could turn the press against the agency, generating even greater scepticism about Board actions than might otherwise have been the case.

At the same time the Board Chairman tried to restrict media contact with the WPTB to a few authorized channels. This could prevent leaks that might subsequently be published or be quashed by government censors. Acting under the War Measures Act and the Defence of Canada regulations the censors had guidelines under which they could place limits on articles published in the press. Despite occasional specific complaints about the decisions of the censors, as a study of press censorship has suggested, "these outbursts were occasioned by specific incidents, not by moral or philosophical reservations against censorship as such. ... Like the correspondents at the war fronts, editors and reporters generally shared in the war aims of the Allies and were willing to make accommodation with the exigencies of wartime conditions, even when such exigencies included limitations on freedom of expression."[41]. Whether flowing from the episode with the Journal or from the general desire to tighten the system and its operations, a mid-July Board bulletin stressed that contacts with the press should be made through the Information Branch of the Board. Therefore Gordon told his officials "Administrators should not approach the press directly in these matters until Information Branch has been consulted and in all cases of this kind its advice should be followed. If there should be disagreement the matter may be referred directly to me or to the Director of Information Branch."[42].

Stemming leaks from within the Board remained one means to head off growing public scepticism about the successes of the Board in the summer of 1943. The government matched this effort with regular attempts to keep the press on the Board's side. As with internal Board matters, Gordon dominated these activities. A month after issuing the bulletin designed to control information flow to the press, the Chairman travelled to Toronto to speak to the influential Canadian Weekly Newspaper Association. With an audience of newspaper owners and senior editorial staff, the

Chairman warned his listeners that while "the world war front looks extremely promising and ... our home front is far from happy. Wartime controls are losing the active public support they received under the stimulus of possible defeat, or, at least, a long delayed victory." 43.

He then outlined the problems facing the Board: rising agricultural prices; the growth of black markets; lenient courts not willing to hand out maximum fines or penalties for violators of Board regulations; business emphasis on profit margins and the increasing number of wage increases allowed that threatened cumulatively to bring a new round of inflation. Gordon painted a picture in which inflation posed as great if not a greater threat now than at any earlier point in the war. He believed the press could play a role in the battle against inflation, noting that "the state of public morale is largely in your keeping. If there is, as I believe, an upsurge of resentment, weariness and skepticism which tends to destroy the effectiveness of necessary controls, you must share the responsibility." Particular attitudes must be changed. He commented that:

> there is too much emphasis placed on the burdens, dislocations and so-called sacrifices of war. The plain fact is that the great majority of

> Canadians living comfortably at home are better off right now than they ever were before the war ... Why not, therefore, preach a little of the gospel that we are a very fortunate people and that we should count our blessings? Is it realistic to expect Utopia while fighting a war and particularly a war that is referred to as total war? There is much loose thinking and loose talking about the hardships and inconveniences of war restrictions or shortages. We cannot afford in wartime to be sentimental and soft-headed. Yet every report of a shortage, temporary or otherwise, becomes front page news and everybody rushes about to blame this person or that person of stupidity or lack of foresight, and so on. Now the plain fact is that in many, many ways there have been miracles of organization performed during this war in keeping essential supplies moving to meet our domestic needs. 44.

Lest this should sound too critical, Gordon threw a cautionary note about the real purpose behind his statement into the discussion by stating that "I do not mean to suggest that the press should refrain from criticism - far from it - we have plenty of situations which badly need the stimulating and cleansing force of public criticism. Nor do I fail to realize that spot news is the life-blood of an active live newspaper. But with all that, I think sometimes that the news on the home front should not be looked at so much through peacetime spectacles, and it should be possible to get a better wartime perspective in regard to certain reports and criticisms." As the Chairman concluded, "the Press of Canada have both the duty and the responsibility to keep hammering home to its readers, day by day, the facts of our current situation, the duties of every citizen and a realistic analysis of the meaning of alternatives to present action." However, as his earlier correspondence with the Ottawa Journal demonstrated, the Chairman's definitions of "the facts" and a "realistic analysis" tended to differ in substantial fashion from those of many journalists and editors.

Nonetheless, differences between the Chairman and his listeners did not prevent Gordon from taking an increasingly active role in promoting the price control programme. This involvement began with the announcement of the freeze. From December 1941 with every important alteration in Board policy Gordon provided an explanation for the Canadian people. Speaking with sincerity, he knew his announcements would not be popular. Yet he believed Board actions to be essential. While doing this he issued denials that frequently angered the press. An example came in a national radio speech on June 17, 1942. Gordon announced the imposition of rationing by commenting that "I want to emphasize that sugar is the only commodity upon which a decision has been made by the Wartime Prices and Trade Board to ration by the use of coupons. Any rumours that you hear about the rationing of other commodities by coupons are without foundation because the Wartime Prices

and Trade Board has made no decision to ration any other commodities by the use of coupons or ration tickets." 45.
Of course, soon after that statement the Board found it necessary to extend rationing to other commodities. Clearly the government had this in mind from the start.

Similar statements followed throughout the remainder of the year, but not until 1943 did Gordon's publicity and speaking efforts move into high gear. Although the details of the speeches changed to suit the particular audience being addressed by the Chairman, rarely did the general tone or theme change. Exhortation combined with thinly veiled threats about the perilous future that would face Canada if Gordon and the Board failed in their tasks remained the staple content of every speech.

As the situation deteriorated in 1943 with more people doubting the validity of the cost of living index and prices and wages increasing more substantially, the government and the Chairman concluded that only drastic action could arrest the slide from the rigid ceiling towards Gordon's nightmare of inflationary chaos. Faced with the McTague report on proposed wage control policies and growing support within government for a family allowance scheme to replace cost of living wage bonus payments on one hand, and a slipping popularity for the government party on the other, Gordon suggested to Ilsley that the Board could help turn the tide, commenting that "we have discussed on occasion, in a general way, the need for a planned programme of public education on the stabilization policy to be launched as soon as Government is ready to make a definite reaffirmation of its position following the release of the majority and minority reports of the National War Labour Board." 46. No sooner had Gordon presented this view to Ilsley than John Grierson brought his concerns about educational programmes to the attention of A.D.P. Heeney, Clerk of the Privy Council. He informed Heeney that "we were invited to draft a programme because it was felt that Wartime Prices' interest in Economic Stabilization covered only a part of the field and that an inter-departmental approach is vital if the public is to be well informed in a matter which involves many special interests and relationships." 47. It was not surprising that Grierson should direct his comments to Heeney, for the Clerk of the Privy Council played a crucial role in the WIB. He had a major voice in all WIB policy issues and gave the Prime Minister's stamp of approval to WIB programmes. 48.

Grierson's note had some effect, for soon Heeney wrote to Gordon noting that "I can only assume that the plans of your own publicity section to prepare a separate programme are the result of your concluding that there is no possibility of obtaining unified action under W.I.B. I am sorry if this is the case, for I am still firmly of the opinion that separate initiatives on the part of your Board, and no doubt on the part of others, particularly Labour can have nothing like the effect that would be possible through united action." 49. Gordon quickly noted the confusion that had developed, telling Heeney that "it seems clear that your letter is based upon a clear misapprehension of the nature of the proposals made by this Board to the Minister .... We particularly stated in our letter to the Minister that any campaign of this nature must be of an inter-departmental character and my definite recommendation was that it should be handled by the inter-departmental committee." 50.

This programme indicated a general change in direction of the government's wartime economic policy. The Prime Minister took to the airwaves on December 3, 1943 to announce the changes in the price control programme. The government established a floor under agricultural prices that would extend into the post-war period, removed the cost-of-living bonus payments on wages and allowed the National War Labour Board to grant wage increases to eliminate gross inequalities and injustices. The new publicity campaign that Gordon had discussed earlier with Heeney and Ilsley accompanied this statement of policy.

The Prime Minister's secretary, J.W. Pickersgill, quickly forwarded to Mackenzie King, vacationing in Virginia following the speech the news that press reaction to the proposals had been very positive. To put the programme into gear "Heeney called meeting of officials of Finance, Prices Board, Labour and Agriculture with Wartime Information today to plan campaign. Meeting unanimously recommended opening with an advertisement to be published as soon as possible and to be signed by yourself as Prime Minister. Terms which consist of quotations and paraphrases from broadcast. Advertisement to be headed: We must hold the line." 51.

Two days earlier Gordon had launched the latest internal promotional campaign by sending a copy of the Prime Minister's speech accompanied by a bulletin to all Board officials. He told the Board staff that with "the assurance and reaffirmation of policy we now have from the head of the Government, our course is clearly indicated. If we take fully to heart what he says, if we apply our thought and energy to the job, we will succeed and make one of the great and historic contributions to winning the war." 52.

The first steps in the supportive publicity campaign came in the first days after King's speech. Concentrating on the dangers of inflation and the vital role that each individual and group could play in the fight to win the war on the home front the inter-departmental committee mentioned by Pickersgill plotted a campaign that would extend to June 30, 1944 costing $767,000. 53.

Meanwhile Gordon did not alter his responses to press comment about the Board and its activities throughout the war. His earlier exchange with the Ottawa Journal appeared to be far from an isolated incident, for early in 1945 he became embroiled in a succession of squabbles with editors across the country. In a four page letter he replied in detail to an editorial in the Peterborough Examiner entitled "By what authority does Mr. Gordon speak?" The Chairman responded quite bluntly:

> Your criticism, as stated, is that I express opinions on Government policy on the subject of wartime controls but that it is improper for me to do so. I think it would be rather an extraordinary thing if, as Chairman of the Board entrusted with implementing the anti-inflationary policy of Government, I did not state both that I agreed with that policy and point out the dangers which called it into being. No self-respecting public official could administer such a policy if he basically disagreed with it, and to that extent I agree that I do express an opinion and, moreover, that I have every right to do so. If, however, you mean that I announce or forecast Government policy then I must point out that you are quite mistaken. 54.

Gordon completely rejected any criticism of his relationship with the Government. He coolly informed the newspaper's editor that "I neither make Government policy, nor attempt to state it - in my present capacity I administer it and explain the procedures by which we do so. Quite frankly I feel justified in continuing that line of action." Not only would Gordon not accept that there might be at least a grain of truth in press comment and criticism of some of his actions, he fought back with a **vengance.** Any editor that **dared** to challenge his role or authority could be certain of receiving a letter from the Chairman stating his view clearly and more often than not noting in conclusion "if you find it desirable I have, of course, no objection to the publication of this letter."

Soon after this incident the Chairman locked horns with the long-time critic and sometimes enemy of the Liberal government, George McCullagh, the publisher of the Globe and Mail. The specific point of dispute concerned a Globe editorial on the possible reimposition of meat rationing. Gordon drafted a letter to McCullagh to "point out some incorrect inferences drawn in the last three paragraphs of your editorial." 55. He challenged McCullagh's suggestion that the ration had not really reduced meat consumption, noting that "the primary purpose of the last ration was to iron out the mal-distribution which had occurred in our supplies of fresh meat." As well he questioned the Globe's contention that ration machinery had broken down because Canadians would not obey the regulations. Gordon reserved the final most telling admonition for the letter's closing paragraph, commenting that "the explanations given in this letter are matters which you could quite easily reason out for yourself, so perhaps you may think it desirable to correct that particular part of your April 5th editorial. However, don't quote me because I don't want to be drawn into the appearance of a public controversy on a matter affecting Government policy. My only motive in this letter is to correct your logic!" Such a statement certainly challenged the disclaimer expressed in his letter a few days earlier to the Peterborough Examiner. Perhaps the Chairman was not quite as innocent of the Peterborough charges as he had implied.

Certainly if the press did misquote or publish misleading information about the Board's activities, someone within the Board should provide the publication with the correct information. Whether the Chairman should have personally injected himself into those disputes is another matter. Fortunately in this instance Gordon met with a sympathetic response from the Globe's publisher. In his reply McCullagh stressed that it had been pronouncements of the Minister of Agriculture and not the Chairman of the Wartime Prices and Trade Board that had concerned the newspaper. In closing, the publisher stated "I fully appreciate your desire to be free of the 'political implications' and will treat your letter accordingly. ... I am therefore happy to have so lucid and forceful an explanation as you have given in support of the explanation we will then make." 56. Gordon could not always be certain of such a cordial and co-operative reply, but this did not deter him from entering these controversies.

In other fields press problems continued to plague the Board throughout the summer of 1945. With the move to decontrol and reconversion gathering steam as first the European and then the Pacific conflict ended, not surprisingly rumours quickly spread about goods to be released from controls. Such rumours created runs on specific commodities and speculation by some consumers eager to make a quick profit. Problems with rumours forced Gordon to publish a special Board bulletin in November 1945 again outlining the policy to be followed by all Board officials in press contacts. All questions would still be routed to the Information Branch but if another Board official acted independently the Information Branch should be immediately informed. In turn, Branch spokesmen should check with individual Administrators or WPTB senior staff before commenting on questions they had not been previously asked. At all times Board personnel should try to ensure there is no opportunity for unfounded reports to be circulated.[57] Ideally this would produce a more rational system of press relations and at the same time reduce rumours about possible future Board moves. In many ways it is surprising but indicative of the manner in which Gordon preferred to handle the press that such a policy had not been worked out much earlier.

The Bulletin may have been issued at this time more in response to a souring of relations between the Chairman and the press than anything else, as pressure grew to increase the pace of reconversion beyond Gordon's wishes. Once the personification of the need to buckle down and support the war effort, Gordon to some now appeared as the main stumbling block to decontrol and reconversion. Under such circumstances his public image suffered.

In late 1945 another **aspect** of relations between the Board and the press also changed as the Board altered its public relations campaign. To this point the Board had followed a two-pronged effort, publishing detailed explanations of procedures to be followed in rationing and other controls and also instituting a broadened information and promotion campaign stressing inflation's dangers, the need for stabilization of the economy and the importance of price and ration controls. In November, Gordon recommended to Ilsley that the Board discontinue this latter programme. His reasoning was simple:

> We recognize ... that while such publicity programmes could be carried out during the war years with a minimum of public controversy and criticism, this situation is not likely to last much longer. As conditions improve, the stabilization programme is likely to become more controversial and I question the wisdom of putting the Board in a position where it appears to be the principal defender of Government policy in this field, particularly since the task of informing the public on these matters

> has been fully and satisfactorily performed. ... Frankly it is more difficult to preach the need for a limited number of stabilization controls - some of which will be relaxed or modified as circumstances permit - than it was to explain the reasons for a straight-forward and fairly complete set of stabilization controls. 58.

In his reply Ilsley indicated his support for this change, noting that "The Board should confine its informational work to the more routine task of informing the public of Board procedures and, where necessary, giving explanations of specific regulations or changes in regulations. This would mean that the Board would no longer publish newspaper advertisements or pamphlets or produce films concerning the dangers of inflation." 59. However he gave the government an escape route should events force revisions in the Chairman's plans, for under these conditions "the expectation would be that the Board's information staff would be reduced, particularly in the field offices, and a good deal of money saved. The Information Branch staff, although it would be reduced, would continue to be in a position to put any emergency information programme into effect upon instructions from the government to do so." By the end of 1945 the Board had moved towards disentanglement and reconversion even in relations with the press. With a steadily shrinking sphere of responsibility there seemed little need or reason to maintain the same level of public relations and promotion as at the height of the war.

The new year, however, did not bring an end to the Chairman's proclivity to write letters to editors in response to news reports he perceived to be less than accurate. Early in 1946 Gordon reeled off a nasty letter to the editor of the Financial Post. In response to two articles and an editorial that suggested that price control had become a major stumbling block to expanding peacetime production, Gordon icily replied:

> In the light of these editorials and articles I think it is fair to ask what your paper is driving at. There is a clear implication in these recent issues that this Board is administering price control in an unreasonable fashion and that the alleged complaints of some manufacturers or distributors should be taken at their face value. Obviously, price control cannot please everyone. If it did it would be quite unnecessary since it would mean that the market provided little room for raising prices. But there is a great deal of difference between administering price control in a manner that pleases everyone and administering it in a manner that is fair and not restrictive to production. On the latter score we are fully prepared to defend our activities and, more than that, we firmly believe that the prevention of inflation is absolutely essential to a prompt and well based reconversion to a high level of peacetime production and employment. 60.

The Chairman further outlined the Board's methods and the reasonable nature in which the Board had and would continue to deal with problems and complaints during the slow movement towards reconversion. In conclusion, he could not resist one of his frequent prods, noting that "it does surprise me, however, to find a journal of the standing of the Financial Post dealing in generalizations, **heresy** and gossip when reporting upon a subject of such vital concern to the national economy."

These comments struck the mark in eliciting a further response from the Post. In a caustic letter on January 10, 1946, the Post's editor sarcastically commented:

> In your conversation with Mr. Wilson I am informed that you flatly denied the correctness of all or some of the specific cases given us as illustrations of the effect of price control in holding back production of certain goods. I have had each item meticulously checked and find that we correctly reported the chief executive in the manufacturing firms involved. I would not agree that material gathered in this manner and from such sources merits your term 'heresay and gossip', 'plausible half-truths or inaccuracies' ... No Mr. Gordon we have no dark scheme up our sleeves to try to get the whole price control system ditched while it still has vital work to do... Information given us by a wide variety of businessmen strongly suggests that substantial revision of price control is possible and desirable now or in the not too distant future. 61.

Then to match Gordon's parting shot, the Post's editor replied with one of his own:

> Frankly I was disturbed by the tone of your letter. Last fall you made very clear to a group of editors that you had no quarrel with those who challenged the timing and detail of decontrol. You did challenge the wisdom of those who urged precipitate ditching of the whole system. That we did not do and would not yet support. ... If there is any way in which we have erred in our editorial duties, it is not in failing over the past years to expound price control and win support and understanding for it, but rather in giving inadequate reports on and emphasis to the reactions of businessmen to it. 62.

In Gordon's subsequent further response he backed off considerably in tone, but stuck to his suggestion that "I have made enquiries into the statements contained in these articles and find many of them inaccurate and overstated. I do not deny that there may be some basis for many of the statements made, but there is no doubt in my mind that far too much has been implied and built upon that base." 63. The Chairman then requested all the details pertaining to the Post's reports, pleading that "we simply do not have the staff to carry on continuous surveys of the views of particular producers and distributors with regard to price control."

The concerns outlined in the Financial Post about the programme reflected doubts being expressed from within the Board itself. Douglas Gibson, the director of the Board's Research Branch passed on to Gordon his view that the frustrations of those in business and industry were no longer being countered by positive responses from the WPTB or the government in the press. Gibson therefore concluded that "our story is beginning to go by default. The journalist is strongly conscious of the kicks and objections to controls and, moreover, he can write much more interesting stuff if he can attack something. If he could be given something to bite on with a real message, he might, in a number of cases, be quite willing to take it and at any event he would probably go a good deal more easily in attacks on the price control system." 64. However Gibson failed to consider one crucial factor. To develop such a countervailing trend the Chairman would have to return to his role as an advocate for Board policy. With the war over and controls being removed in an orderly fashion, Donald Gordon assumed a lower profile, as the government wanted Canadians to look to the days when controls would be completely removed and not recall the restrictions of wartime. This programme would be threatened if Gordon suddenly returned to the fore as a spokesman for continued controls. Not surprisingly within the government there existed little enthusiasm for such a course of action.

More than in any other aspects of the WPTB's operations Donald Gordon dominated the public relations and information dissemination activities of the Board, rarely, if ever, failing to comment to the press on any Board issue. Throughout 1942 and 1943 he dominated all aspects of relations with the press concerning price and ration controls. Gordon shouldered the task of selling controls to Canadians and he did a very good job of it. Advertisements in magazines, newspapers and on the radio pushed the Board's message into as many homes as possible but Gordon primarily used national radio addresses to take his message to the public. He became a frequent speaker in 1942-3, talking about rationing, specific Board orders, the dangers of inflation and the need for success in price control, plus other WPTB related issues.

In general terms the Board received the strong support of the press throughout the war. Despite sporadic attacks on specific Board orders or decisions there was no concentrated campaign to challenge the Board's price or ration controls. In fact the difficulties experienced on occasion by Donald Gordon in his dealings with the press stand out amid an overwhelming sea of positive articles, advertisements and media comment about the government's economic stabilization efforts. Any negative publicity frequently centred on the dominant position of the Chairman in the Board and the fiery temperament and personality of Donald Gordon.

(iii) Shaping and sampling the views of the public

From the middle war years the government obtained regular surveys concerning public attitudes to controls, rationing and decontrol. With this information in hand programmes and statements could be shaped to obtain maximum public support.

The government began its exploration of public opinion polling in October 1941. A note prepared for the Prime Minister's private secretary, W.J. Turnbull, recommended that the government become involved in opinion polls "as a means of supplying information about when and where to take action by way either if initiating new policies or explaining already existing policies." 65. The memo argued that such a service, created to sample public opinion, could provide many benefits for all government departments.

At the same time, others argued that the government required a co-ordinated approach to propaganda and the dissemination of information to Canadians. Soon, some concluded that it might be advantageous to create a unit that could serve both these functions. From these ideas came the Wartime Information Board.

Early attempts to increase public support for rationing and price controls relied on a scattergun approach but new developments in the quantitative analysis of public perceptions and opinions gave the government an opportunity to tailor its educational efforts. In various fashions polling had been done from the start of the war. In July 1942 the Financial Post noted that 50% of Canadians responded favourably to a Canadian Institute of Public Administration poll about maintaining laws preventing wage and price escalation in the post-war period. A month later, the Post published a poll of business leaders on the lifting of controls.

It was not however until early 1943 that serious debate began about the use of opinion polls. John Grierson head of the WIB, received Cabinet approval to use the Canadian Institute of Public Opinion to measure Canadian attitudes on wartime issues in January of that year. 66. In obtaining this approval he had to overcome the fears of Finance Minister Ilsley, who believed that the government's exclusive possession of politically sensitive material could produce Conservative objections. In fact Ilsley's argument temporarily held sway with his colleagues as Cabinet overturned its original decision before finally agreeing to allow polling to take place after a March 1943 appeal by Grierson. 67.

In May the Wartime Information Board conducted a survey of rationing and forwarded its results to the WPTB. Only 43% of the population believed that the butter ration had to be limited to half a pound a week. As well, the survey produced some straightforward conclusions:

> 1. The necessity of rationing gasoline and sugar is well recognized by Canadians in general but a dangerously large number consider that there is no need to ration butter. Convincing information is needed if this control is to be maintained on its present basis.
> 2. French-speaking Canadians show the highest degree of skepticism as to the necessity of all rationing; education as to the factors involved would seem desirable.
> 3. There is no feeling that present rationing regulations are being widely violated, only one person in four professing to know of any actual cases of evasion. The larger the city the greater the number of those who think regulations are being infringed.
> 4. A majority of Canadians in every province - 80% west of the Great Lakes - would prefer that commodities be rationed in advance of any actual shortage.
> 5. Two out of three people are expecting further rationing by October. The largest number expect to see sales of clothing, shoes and canned goods restricted.
> 6. While most Canadians - especially in the cities - believe that some of their neighbours hoard scarce goods, only 14% believe that many are doing so. The danger of wholesale 'buying sprees' would not seem to be as great at present. 68.

A further survey in September 1943 revealed that support for price and wage ceilings had declined only in Quebec where discontent focussed on the wage ceiling. In the rest of

Canada over 80 per cent of the non-farming population approved of controls. Many people even expressed a desire for more rigid enforcement of the price ceiling. Individuals criticized specific problems and not the general structure of economic controls of any overall programme such as the wage ceiling or price control. However, a message earlier brought to the attention of Byrne Hope Sanders by Christine White also emerged, as the poll concluded that "the public still has little understanding of the nature of inflation and of the connection between prices and wages. A large scale education campaign has been urged by many of our correspondents. ... While it is impossible to strike a mathematical balance between general approval and specific criticisms, it is our strong impression that the public is still prepared to support these stabilization measures and would be greatly shocked at any suggestion of their abandonment. This interpretation is strengthened by the general willingness to sacrifice that has been shown by various polls in the past eight months." 69.

These reports temporarily eased concerns about growing public dissatisfaction with the Board and its policies. Soon, however, a steady stream of polls suggested increased apprehension about the whole economic stabilization programme. A report to Cabinet in early November raised some eyebrows in noting that "Quebec observers report mixed reactions to the aluminum and textile disputes, with business people condemning the international unions and working people tending to sympathize with the strikers. The most common reason stated for the latter is that the cost of living has risen without a corresponding rise in wages." 70.

A more complete survey of public attitudes on wage and price controls in November 1943 by the Wartime Information Board followed that report. In noting that the level of public acceptance had fallen from 80% in February to 69% in September (with much of the decline centred in Quebec) the WIB split price and wage controls to gauge the level of support for each programme. Nationally, 86% of Canadians backed the price ceiling with those with higher incomes and education, including professionals, showing levels of support above the national average. As well, in a supplementary question, 83% of the population agreed with the statement that ceilings in part held prices down. Fewer people approved of the wage ceiling. Only 61% in the October survey supported the programme, with only 50% in Quebec in favour of wage controls. A surprising 13% of Canadians remained undecided on the question. Matching the question on the effectiveness of price controls, 78% believed that wage ceilings in part depressed wage levels. Three conclusions came from the study:

> 1. Those in the lower income brackets, those with only grade school education, and those 21 to 30 years of age have the least understanding of the need for these controls and are most likely to oppose them ...
> 2. There is considerable resentment of both ceilings in Quebec Province, and French replies show much less understanding of the inflation problem than do English ...
> 3. Disapproval of price ceilings is almost entirely based on the belief that they are ineffective, while the most frequent objection to wage ceilings was that the cost of living had risen since their imposition. ... 71.

Surprisingly the Cabinet War Committee minute dealing with this study concentrated on the fact that only 5% of the public believed that price and wage controls should be abandoned. The surveys suggested the need for Board action. In response, Gordon, Pickersgill and others pushed for the promotional campaign that began with the Prime Minister's speech on December 4, 1943.

A further survey in early December examined the initial public response to the Prime Minister's speech on inflation and post-war planning. The WIB later informed Cabinet that "ten of twelve [centres] report that opinion [in Quebec] is favourable to keeping at least some of the controls in operation [after the war]." 72. Such conclusions suggested hope for success in Quebec despite the disappointing levels of acceptance indicated in the surveys conducted throughout 1943.

An early 1944 report from the Wartime Information Board increased the WPTB's determination to proceed on a gradual pace towards decontrol. The survey noted that "45% of the public think government control of business, industry and agriculture should be continued in peacetime, 40% think it should be stopped as soon as possible and 17% are undecided." 73. Support for continuing controls was highest in western Canada. Upper income groups dominated those opposed to continuing controls. Public responses reflected each individual's belief in the need for regimentation of the economy, his view of free enterprise and his perceptions of the success of the wartime experiment and its applicability to peacetime re-adjustment.

A much more disturbing finding for the Board and the government came in May 1944. A poll that asked about public understanding of the term inflation revealed the utter failure of the Chairman's constant resort to publicity as a panacea for all Board problems. Poll responses fell into four categories:

1. Good answers (showing understanding of the causal relationship involved) - 14%
2. Fair answers - 20% -- a) depreciation of money 17%, b) rise in prices and wages - 3%
3. Inadequate answers - 30% a) rise in prices only 28% b) overspending, black market buying 2%
4. Wrong answers - 36% -- a) no answer or don't know 23% b) incorrect answers 13% 74.

The Information Branch pinpointed the problem in commenting that in "a previous report (WIB Survey 24) it was noted that when the public were asked why the Government was controlling wages as well as prices 75% gave an answer which suggested some appreciation of inflationary factors or used the term 'inflation'. The present findings however suggest that such use of the term may mean no more than a recognition of inflation as a 'bogey' - a vague danger to be shunned. At best only a third of the population can be credited with a satisfactory idea of tis meaning." Such results could hardly have cheered Gordon yet his methods of promoting the battle against inflation did not change as a result.

In the meantime, opinion sampling centred on specific decontrol plans in the summer of 1944. In mid-July the WIB examined the popularity of post-war economic planning with or without controls. Given the option of an economy without government planning or control, one with government planning but no control and a third choice involving both government planning and control of business, the public backed the programme already adopted by the federal government for the immediate future. The survey noted that "the largest group of Canadians (42%) favour some measure of economic planning by government, but they do not want to give their government power to tell business what to do. Evidently the kind of planning they envisage would go no further than having government offer information and advice to business, which it could then utilize as it saw fit. A quarter of the population are prepared in addition to put teeth into planning in the form of economic controls exercised by government over business. Another quarter of the population want neither planning nor control by government." 75. Not surprisingly strong support for planning and controls came from the Prairies with support for 'free enterprise' at its peak in Quebec. As well younger people supported controls. The most surprising result, one that justified the fears of business organs like the Financial Post, showed that Canadians favoured a continuation of some form of state economic planning, although opinions varied on whether that planning should be enforced by the government.

Just two weeks after the completion of this study the WIB updated its October 1943 survey of public attitudes on wage and price controls. Contradicting public ignorance about inflation and its causes, the survey noted that 92 per cent of Canadians supported price controls, a rise of six per cent from the previous October. As well almost three quarters of the public **wanted controls to continue as** more and more people (a 20 per cent gain from the previous October) believe that price control has been effective. However, support for wage control had only grown by three per cent from the previous autumn, producing an overall approval rate of about 66 per cent. Continued failure to get across the real message of controls tempered these positive results as "understanding of the inter-relationship of these sets of controls as measures against inflation has apparently decreased slightly in the last eight months, under-lining the importance of continued education in this field." 76.

In response to this survey and a general increase in pro-decontrol sentiment the government launched a major publicity campaign in August 1944. Advertisements, radio programmes, newspaper stories and other such techniques were followed by pamphlets and films, all promoting price control.

During this campaign the government again sampled public perceptions about inflation. This time 70% of those surveyed replied that inflation would have a very undesirable effect on them. Most mentioned that increases in the cost of living would result from inflation. Over three-quarters of the replies indicated an awareness of specific things that individuals could do to help prevent inflation but only 40% could mention another government anti-inflation control beyond price controls. The survey suggested that the promotional campaign might have increased public awareness about inflation-related issues in a very superficial fashion.[77]

Comforted by this news the government did not turn to opinion polling again until the spring of 1945. By March everyone knew that the war in Europe would soon end but most believed that the Pacific campaign would continue into 1946. However, the government had determined that having directed Canada's major war effort to the European conflict, peace on this front would require some relaxation of controls as a response from the federal government.

The government received the first report of a series prepared for the Board's Information Branch to be used in plotting the post-war transition period publicity campaign in March 1945. It indicated high levels of support for the Board's price and ration controls efforts. The poll pointed to three indications of public support for the government's decontrol plans:

> The FIRST is this substantially wide disposition to regard the Board's policies with approval and confidence.
> The SECOND is the fact that almost 3/4 of the poll cross-section voted for the continuation of price control after the end of the Japanese war.
> The THIRD is the 83% expression of willingness on the part of the English-speaking population 'to put up with rationing of some other things, such as clothing and meat, for instance, in order to meet the needs of European countries.' 78.

At the same time the results indicated less support in Quebec although the majority of the population approved of the government's efforts.

By March the government had refined its survey techniques to the point where the WIB could bluntly state in a special memorandum to Cabinet over a possible continuation of rationing that "any further restrictions which may be deemed necessary will, if suitably presented, be accepted by the great majority of Canadians and will exert a beneficial influence on civilian morale in general." 79. This survey provided a strong incentive for the government to reintroduce meat rationing and came at the same time as Norman Robertson recommended the reintroduction of the programme to Cabinet.

The second survey, presented in May, indicated support for the March findings but pointed with some concern to:

> the 54% conviction of an inflation still threatening Canada is too low. Moreover evidence of the faulty reasoning responsible for the low figure here crops up in other connections. There is the discrepancy of 12 points between the desire to have price control continue on after the war ends in Japan (71%) and the expectation that the conditions making it necessary (which in the final analysis actually justify it) will last as long (59%). There is also a lack of appreciation of shortages as one of the major conditions making it necessary to fix prices; the belief that shortages will disappear now (the war with Germany having finally ended) is very nearly as prevalent among those who say the conditions calling for price control will outlast the Japanese war as it is among those who expect these conditions to end at some earlier period in time. 80.

As in March, this survey called for greater explanation to the public about black markets. In both surveys a quarter of respondents indicated a willingness to tolerate the "small time chiseler" on rations. As the survey noted "human nature being what it is, the removal of moral pressure (now the fighting is over in Europe) is bound to lessen the scruples of many who still feel obliged to condemn it." The Board wanted further publicity and education to stress how black markets could wreak havoc on an economy struggling to find its feet during reconversion.

The third survey clearly outlined a stand its authors believed the government should adopt. It suggested that the "pace with which approval and support for individual controls lessen must be geared to the pace at which they become unnecessary and eventually disappear. To achieve this the public needs continuous guidance through popular explanation of the whys and wherefores of the imposition or the retention or the relaxation of each control. If such information is assimilated and if outside events, especially in the U.S. are reasonably kind, the respect that the Board as such enjoys is not apt to lessen enough to make effective administration of its powers uncertain."[81] On most fronts this report repeated the conclusions from the two earlier surveys. One significant difference concerned meat rationing where support had fallen by 27% although more than half of the country's population still backed the programme. As the government moved closer to a return to meat rationing this decline in support forced Board officials at least to pause and think before acting.

However the polls demonstrated that rationing remained the major success story of the war. The public consistently called it the most popular of all controls. Frequently more than 90 per cent of the population indicated approval of rationing efforts. An October 1945 survey concluded that the public's agreement "that all things rationed should be has never been as high in respect for the system itself. However since it was stronger in July 1945 than it had been in June the previous year, it looks as if public confidence in and understanding of the reasons behind rationing had grown to offset the release of pressure brought on in May by VE day."[82] Survey results suggested that Canadians would be pleased if the Board expanded rationing to encompass other commodities such as clothing. As well 25 per cent of the population acquiesced in the odd violation of rationing regulations perhaps "because they regard its ill-effects as negligible in the face of probable need."

At the same time as the Information Branch of the WPTB analyzed these surveys the Wartime Information Board continued to gather information. Subsequent to the June 1944 survey on the extension of wartime controls into the post-war world, a July 1945 poll indicated that a majority of those questioned supported the permanent adoption of each of six controls: guaranteed prices for farmers, price control, rent control, excess profits taxes, wage and salary controls and restrictions on installment buying. Surprisingly while public support for price control remained as high as had been reported the previous year, an additional

14% of respondents now favoured the extension of salary and wage controls to a broader sector of society. This survey merely supported the earlier conclusion that Canadians did not fear government planning and control of their economy.[83]

The governing Liberal Party already understood and had responded to the views of Canadians on this issue. Its 1945 election platform looked to a prosperous post war period in which the Canadian economy, no longer shackled by controls, would be allowed to expand and grow. That expansion would not take place without a government presence. The government would not dominate or control the economy but would play a significant role in assisting and ensuring continued economic growth. The government had learned its lessons well and closely followed the views of the public as expressed in the polls.

(iv) The end of the campaign

By the end of 1945 the Board began to limit its efforts to shape public perceptions about itself. The Consumer Branch with its Women's Regional Advisory Committees had acted as listening posts and disseminators of information on behalf of the Board. The WRACs further reinforced the local presence of the WPTB in communities across the country earlier achieved through regional offices, local price and supply representatives and the local ration board programme. The WRAC movement had been a grand success but by 1946 conditions no longer required strong WRAC activity.

Through 1946 the Chairman continued to speak to Canadians about the controls effort and remained the dominant force in all Board activities, advertising and general publicity campaigns. In this role Gordon, on occasion, demonstrated his arrogance and his penchant for dictatorial action. Anyone challenging him or obstructing his actions would be subject to his wrath and ridicule and potential replacement within the Board.

Throughout his career as public relations man for price control and the WPTB the Chairman never refrained from controversy. However, all Canadians admired Gordon's frankness. He had his beliefs and he made no attempts to hide them. Until the war ended however, few Canadians publicly argued with Gordon. It remained until decontrol began to gather force before popular sentiment turned against the Chairman. Then Gordon assumed a lower profile, interrupted only by brief outbursts of his old mid-war fire and brimstone. No matter what the assessment of the value of Gordon's role, there could be no questioning his dedication in carrying out the tasks he assumed. He worked long and hard to sell controls and could legitimately claim that his actions had played a significant role in convincing Canadians that at least as long as the war lasted, they had really no choice but to support the Board's controls and rationing efforts.

Behind these various activities, opinion sampling provided the Board with a more precise method of gauging public beliefs and of shaping programmes to calm public concerns about the economic stabilization effort. These efforts increased in sophistication as the war progressed. In the early months of the controls programme, the Chairman directed all efforts at selling price and ration controls. By the end of 1943, another purpose dominated the thinking of senior Board staff: the need to prepare the country for decontrol.

Opinion polls could provide valuable assistance in this activity as well. Even if the Board chose not to believe the limited success achieved by the educational and promotional campaigns in support of the stabilization programme that the results of the polls revealed, at least the WPTB knew what messages were not reaching Canadians.

However, there seemed no great desire to alter tactics to attempt to increase the general level of public understanding of controls. In part, this could be because the WPTB and the government had no intention of keeping controls in place any longer than absolutely necessary. Given that concern there would be no reason to promote any in-depth public comprehension of the controls programme. That might only increase the ranks of Canadians who had already indicated they wanted controls to remain in force for a long period after the end of the war. The growth of such sentiments worked against the interests of a business community anxious to return to a consumer goods economy.

Even in its attempts to shape public opinion in support of its efforts, the WPTB only worked as hard as seemed necessary to avoid the growth of widespread anti-controls sentiment. The objective was immediate and short-term: to limit the pressure on the Board for changes until the WPTB and the government were ready to begin decontrol. By the end of 1943 that time had come.

Chapter Nine

Planning For Decontrol

Even as Board officials led by Donald Gordon worked tirelessly to shape and sell price and ration controls to all Canadians during the war's darkest days in 1942, thoughts turned to how the programme could be wrapped up when the war ended. At first, with victory far in the future the government paid little attention to decontrol. Quite naturally, politicians and bureaucrats assumed there could be no disussion of abandoning controls as long as the prosecution of the war absorbed all available supplies and financial resources.

By the end of 1942, however, a change for the better had begun. Germany, Italy and Japan had reached the limit of their territorial expansion and were turned back in Africa, the Soviet Union and the Pacific Ocean. No one could state definitively that the tide had turned in the Allies' favour but at least some optimism now existed as people began to believe the worst had passed.

Even so, those in charge of the domestic war effort could neither rest on their laurels nor slacken their efforts in the slightest degree. As public confidence in an approaching triumph grew, agitation for the removal of controls grew as well. While the WPTB could plan for decontrol it also had to continue to promote compliance with existing controls. Gordon concentrated his efforts on this latter task, leaving the initial planning of decontrol to others.

An unusual opportunity existed in the middle years of the war for the government to decide if and how it might exploit wartime industrial mobilization to expand or alter fundamentally the nature of the Canadian economy. With almost all effort aimed at maximizing wartime production, the manufacturer of consumer goods absorbed only the bare minimum of industrial plant. However, once the war ended, munitions and other war related production facilities would suddenly have nothing to do. Canada would continue to play a military role in Europe in the immediate post-war period but the nation did not need the same level of industrial output for this military effort as had been required to supply the Allied armies. What would happen to the physical plant and the many skilled workers assembled during the war? Would all

1

return to peacetime occupations in a helter-skelter dismantling of the war machine or could this capacity be usefully turned in either private or public hands to new economic ventures for Canada? Could or should the federal government use its might to reshape the Canadian economy, alter national economic ventures and goals and redirect the society's productive resources? What would be the best means of ensuring a high standard of living for the Canadian people and at the same time preventing a repeat of the slide into depression that occurred after the First World War?

In making these decisions the Canadian government faced a unique situation. Of all the industrialized nations of the world only Canada and the United States emerged from the war with their industrial plant undamaged and expanded, operating at peak efficiency. Such a tremendous resource produced great economic advantages and could ensure a major place for Canada in the world economy for decades to come. Without a decision on how this resource might be most productively used, however, it might all go to waste and be squandered.

Decisions made in the mid-1940s would shape Canada and its economy in the post-war era. As with the move into controls, the government initially commissioned a group of experts outside the bureaucracy to consider the post-war situation and provide an overall framework for decisions about the maintenance of the various wartime controls and the role of the government in the economy in the coming years.

In December 1939, two years before price control had been introduced, a Cabinet Committee on Demobilization and Rehabilitation began deliberations, assisted by an advisory group of senior civil servants. This group operated sporadically throughout 1940 with its mandate being expanded in February 1941 to include all matters relating to reconstruction.

Shortly after this expansion the Minister of Pensions and Health, Ian Mackenzie, established a Committee on Reconstruction headed by Principal F. Cyril James of McGill University. With a membership that included J.S. Maclean of Canada Packers, Thomas Moore, the president of the Trades and Labour Congress and Principal W.S. Wallace of Queen's University, the committee sat from early spring 1941 but did not receive formal sanction by order-in-council until September 1941.[1] The group considered both the direction the country should take following the war and the administrative organization that should be established by the government to direct this reconversion effort. In October 1942 the Committee reported to the War Committee of the Cabinet, recommending the creation of a Ministry of Economic Planning with its Minister having "departmental responsibility for such economic aspects of the war effort as are included at present in the duties of the Wartime Prices and Trade Board, the supply function of the Ministry of Munitions and Supply and any similar economic responsibility which the Cabinet wishes to place on him." [2]

Not surprisingly the Cabinet referred the report of the Committee on Reconstruction to the Economic Advisory Committee for comments. The EAC liked the concept of a super minister in charge of all the government's economic controls efforts but after analysis of the current situation concluded that such a ministry could not be created in late 1942. The EAC believed that lumping together all the government's economic controls "would make too large a job for any one Minister. In the second place, it was felt that many of these controls could not be separated from other functions being carried out by the Departments and Ministers already exercising them, and there would be too much difficulty and re-arrangement involved in trying to set up a new ministry to take over all this work." 3. An alternative involved the creation of a co-ordinating Minister without Portfolio within the Cabinet, to concentrate on improving the flow of information between agencies and ministries involved in economic stabilization efforts. In response, the Governor of the Bank of Canada, Graham Towers, wisely noted "that to fulfill these functions properly such a man would have to be in effect Deputy Prime Minister." The EAC rejected the proposals of the Committee on Reconstruction's interim report and Cabinet concurred.

Having seen the Reconstruction Committee's report and the EAC's comments, A.D.P. Heeney, Clerk of the Privy Council, outlined his support for the EAC's views and told Mackenzie King that he believed in future "the Economic Advisory Committee (possibly with some readjustment of membership) is qualified and suited to supervise post-war plans and co-ordinate and stimulate the work done in the various departments of government." 4. He recommended that a sub-committee of the EAC under W.A. Mackintosh assume responsibility for reconstruction planning. He further suggested that the James Committee serve as consultants to the Mackintosh group for, in Heeney's view, "it does not seem to me that any 'outside' body can, of its nature, undertake the principal responsibility."

In January 1943 Cabinet accepted this suggestion, giving power to the Mackintosh group and renaming the James Committee the Advisory Committee on Reconstruction.[5] At this point the Chairman of the WPTB did not have significant input into broad reconstruction planning. In any available time beyond day to day duties he focussed on the specific reconstruction difficulties that would face the Board, such as converting industries to consumer goods production when the demand for munitions declined as the war's final days approached. The EAC's minutes recorded that "after some discussion it was agreed that as part of its responsibility on post-war matters, the Committee should concern itself with the effects of the cessation of hostilities."[6]

Accepting responsibility for preparing alternatives for the post-war led the EAC and the government into a constitutional dilemma. Much of the activity of the WPTB and all other regulatory agencies crossed into the provincial sphere of jurisdiction as defined in the British North America Act. As long as the war continued the federal government could exercise these powers, acting in the national interest under the War Measures Act. What would happen when the war ended? What pressure would be brought to bear on the government to revoke the War Measures Act and how quickly would a response to these pressures be needed after the end of hostilities? More important for the WPTB, under what authority could the Board operate once the government revoked the declaration of emergency under the War Measures Act? Deputy Finance Minister Clark, writing to Heeney on behalf of the EAC, brought these questions to the Prime Minister's attention. The EAC believed it must have a legal interpretation of the status of all wartime orders once the war ended, for "if there is any doubt about the post-war validity of orders under the War Measures Act, then the Committee should arrange that immediate attention be given to the problem of recommending such legislative action as may be necessary." 7.

A legal opinion from the Department of Justice was requested for, as the EAC commented in April 1943 "the Dominion should have clear and unequivocal powers to maintain whatever temporary controls are necessary during the period of transition from war to peace. This period may last from two to three years and will be marked by a continuation of severe shortages and inflationary pressures. If there is any doubt whatever of the Dominion's power to maintain these controls after the war they would be challenged on almost every hand as soon as hostilities ceased, and enforcement would be impossible until the legal powers of the Dominion were finally established by an appeal to the Privy Council." 8. If the existing powers could not continue to cover the post-war regulatory needs of the government, special legislation would have to be drafted.

The Committee's advice reflected its view that there would be a lengthy period of post-war adjustment. The fear of a depression during this period dominated the thinking of the EAC and all senior officials in the government. With this in mind, the EAC suggested that "the essence of the situation will be that for some time - perhaps two years, the physical problem will be that of converting, reorienting and extending our productive plant and personnel to the production of consumer goods - in other words, to the creation of a real and usable national income - while the social and financial problem will be to maintain an equitable division of that income and prevent the costs of adjustment being shifted onto the weaker members of the community." As early as the spring of 1943 the EAC predicted a very tight post-war food situation would develop with matching difficulties with the supply and distribution of finished goods. Raw materials and heavy industrial capacity would likely be readily available but it would take time to build or convert industries to consumer goods production. The situation contained all the ingredients for a depression or economic upheaval that could challenge existing political authority. Until industrial conversions took place there would be considerable unemployment and at the same time soldiers would be returning home, expecting to find jobs. These potential economic and social disruptions seemed distressingly similar to the events that followed the First World War.

However it could be said that at least this time government officials had made preparations to counteract possible crises. With the EAC in control of the general direction of post-war planning, most but not all aspects of the issue rested in capable hands. During these months the question of family allowances frequently surfaced in the course of administrative and organizational planning. The major argument for family allowances arose from the difficulties with cost of living bonuses and the suggestion raised during the McTague commission's deliberations in the summer of 1943 that wage rates below 50 cents per hour should float free of controls. 9. In supporting allowances the Bank of Canada pointed to the political benefits and significance of the scheme, noting that "children's allowances would not only meet directly the legitimate causes of present discontent, but would tend to promote confidence in the future and thus raise morale and productive efficiency." [10] The emphasis upon the need to build public morale arose from the assumption that major opposition would develop once the public realized the controls programme would continue until the nation's industrial capacity returned to peacetime production. Therefore promoting public confidence in both the government and Canada's future became a cornerstone in all reconstruction planning.

As the country moved towards decontrol Gordon faced one quite troublesome matter. Many Board volunteers and loaned staff would want to return to their peacetime employers as soon as the war ended even though such an exodus could spell disaster for the WPTB. If the individuals most familiar with the administration and operations of all the Board's branches and complex orders suddenly departed, no hope could remain for an orderly decontrol. Gordon therefore wisely suggested in June 1943 that the EAC consider the implications of the Board's projected manpower losses. [11]

The Board's personnel requirements related directly to the powers of the federal government following the end of the war. Strict limitations on federal powers would make the question of the WPTB's likely manpower losses academic. Without the legislative power to introduce orders regulating decontrol, there would be nothing for Board staff to enforce. In the light of Heeney's response to Clark in mid-July about post-war powers, WPTB manpower questions assumed increased importance. The Justice Department had provided a far too clear interpretation of the post-war legislative framework for the government's liking. The Deputy Minister had stated bluntly that "all powers of the Government-in-Council under the War Measures Act and of boards and controllers acting under the Governor-in-Council will cease when a proclamation is issued declaring that the war no longer exists. Measures enacted under the War Measures Act will, as I have previously indicated, cease to have effect with the cessation of the powers of the Governor-in-Council." [12.]

The government had two options. Parliament could introduce new legislation to continue controls in fields normally within federal jurisdiction as outlined in the British North America Act, or, as the Deputy Minister of Justice suggested, "if the problems of supply and prices in the post-war period constitute a national emergency, Parliament, if it so decides, may competently legislate provided, of course, that such legislation is of a temporary and emergent character." To support this argument, he noted that the Judicial Committee of the Privy Council upheld the constitutionality of federal legislation in 1919 to control prices and supplies of newsprint at the end of the First World War. As price, ration and other controls fell at least partly within provincial jurisdiction the second option appeared the most solid ground upon which the government could base its case. The EAC agreed in principle but requested a further outline of the reasoning behind the proposal. Clearly the question required a definitive response long before the end of the war so that the government would not be caught without supplemental legislation if it proved necessary. 13.

In August 1943, as planning continued Gordon told his staff that "it is clear that there should be a period of readjustment during which controls may be appropriately relaxed or removed." 14. Having confirmed to his staff that the WPTB would have at least a limited post-war life, Gordon outlined his fear that everyone would leave at once and requested "each Co-ordinator to review the Administrations under his co-ordination and the head of each Head Office Branch or Division to do likewise to devise a plan whereby the Organization can be kept in good order at least for an interim period." Gordon stressed that at least one senior official familiar with the policies and problems of each branch must remain in office throughout the decontrol period. Over the next few months he received responses to his memo. Some of the replies indicated the specific individuals who would remain and leave as each branch made plans to keep its administration running smoothly no matter how quickly the government proceeded with decontrol.

Unaware of the Board's behind-the-scenes activities, the public grew sceptical of the government's preparedness for peace. Few announcements could be made during these first months of decontrol planning. This seeming lack of activity produced speculation from the well-respected political columnist Grant Dexter of the Winnipeg Free Press that the defeat of government candidates in three by-elections on August 9, 1943 stemmed in part from the public's perceptions about the lack of government action on post-war planning.[15] The increasing unpopularity of controls of all types dominated public opinion during this period and cast a shadow on the by-election campaigns. Wage controls in particular bothered most Canadians and not surprisingly Dexter believed that if the government hoped to regain public backing it had to deflect attention from the immediate complaints to the promised land of the future. Until the autumn of 1943 the Liberal government had remained conspicuously silent about the post-war but the defeats made imperative some statement from the Prime Minister on the Liberal vision of the future.

Many questions but few answers dominated the work of Ottawa's bureaucrats during the autumn of 1943. What would happen without the driving force of patriotic fervour behind public support for controls? Demand for consumer goods would obviously increase but could the Board keep the economy in check long enough to sort out bottlenecks in the production and supply of consumer goods and services? A Board memo on civilian supply sketched one possible scenario and reintroduced an idea rejected earlier:

> If the Wartime Prices and Trade Board is forced into the position of carrying on, it will have to abandon its present policy of 'minding its own business'. In other words, the actions of other governmental agencies will have such an increasing influence on the administrative problems of the Board that it will have to intervene and criticize other Departments of Government. To avoid the interdepartmental feuds which this will undoubtedly engender it would appear to be better procedure to set up an independent clearing house through which all economic and related problems could be suitably co-ordinated ... The nearest approach to a co-ordinating body, in theory, might be the the Economic Advisory Committee but neither in its structure nor in its personnel is it suitable. 16.

With both the WPTB and the EAC considering decontrol the Advisory Committee on Reconstruction also continued its deliberations. During the general debate on the future of controls in the autumn of 1943 the Advisory Committee recommended that "the effective maintenance of the price ceiling during the period of hostilities is a vital part of any realistic plans for post-war reconstruction." 17. In light of the Committee's mandate to consider all possible scenarios and conditions for decontrol, this conclusion reinforced existing Board thinking. The report of the Advisory Committee, presented to the government on September 24, 1943 noted that "on the assumption that there will exist at the conclusion of hostilities large unfilled demand for consumers' and capital goods ... the need [is] for speedy conversion of industry, rapid transfer of workers and maintenance of price and other controls as long as they are needed." 18. The EAC supported this conclusion.

Accepting these assumptions the Board turned to detailed planning for the continuation of controls during an organized, staged period of decontrol. It was left to Mackenzie King to reveal the overall framework for decontrol when he presented the Liberal vision of the post-war nation to Canadians in December 1943. Jolted into action by the by-election defeats, the Ottawa bureaucracy and Liberal politicians turned from running the war to assembling a progressive package to usurp the support gathered during the war by the Co-operative Commonwealth Federation (CCF) as a result of its progressive social and economic policies.

A hint of what would occur came at the National Liberal Federation meeting in September 1943. Party resolution called for an emphasis on full employment with the necessary expansion of public and private enterprise to reach this objective. The scheme did not meet with universal approval but those, like C.D. Howe, who favoured a reliance on private not public enterprise, knew their efforts would in fact be better directed to arguing for their position within the confines of Cabinet rather than in party circles or among the general public. 19.

By mid-November much of the work on the speech to be delivered by the Prime Minister had been completed. W.C. Clark forwarded the first 12 pages, a discussion on the need to maintain the stabilization program, to W.J. Turnbull, King's private secretary. He suggested that "as I visualize the balance of the speech, it would now turn from farm prices to the wage question, refer to the inquiry and reports made by the National War Labour

Board, announce the Government's decision in respect of these recommendations, explain these decisions and then lead on into some statement in regard to post-war plans in order to bring in the social security programme as a part of which childrens' allowances could be announced if the government so decided." 20.

Further sections followed in the last weeks of November and King gave the speech on December 4, 1943. At the same time Clark forwarded a speech on reconstruction prepared by Mackintosh for the consideration of the Prime Minister should he decide to devote a future speech to the topic. 21.

As the senior bureaucracy prepared for King's address the WPTB completed the initial draft of its own plan for decontrol. Douglas Gibson presented it to the Chairman in mid-December. The author, Board economist J.F. Parkinson, recommended a committee be formed to organize and direct the Board's branches involved in decontrol. Planning for the resumption and expansion of consumer goods production would centre in the Supply, Prices and Research Divisions assisted by the Industrial Division. Through liaison with the Department of Munitions and Supply, the WPTB would match reductions in munitions orders with reconversion to consumer goods production. At the same time National Selective Service officials would advise the WPTB on the availability of manpower for reconversion. 22.

However, even given this initial planning Gordon believed that the time had not yet come to think seriously and publicly about reconversion. As he informed R.F. Chisholm, the Co-ordinator of Distributive Trades, in November 1943:

> Frankly I think the whole subject is too uncertain at this stage for us to express any views in regard to it. I would much prefer that the whole matter be avoided altogether, because I am convinced it is impossible to draft anything which will not be twisted or misinterpreted by some section of the press. Our discussions and plans in regard to possible conversion of war production into certain types of civilian supply are in a very confused state and it will be some time yet before we have sufficient results from our 'guinea pigs' to have a clear idea of what is the best procedure. In the meantime, any press comment on this subject usually has the effect of muddying the waters. 23.

Did Gordon harbour lingering doubts about the manner in which decontrol should proceed? If so they remained unexpressed as in December the government announced its post-war plans in general terms.

Decontrol could be split into two phases. Some moves did not need to wait until the end of the war while others could not begin until hostilities had ended. A study in late 1943 entitled "The WPTB and Decontrol: Now and the PostWar" suggested that decontrol would generate several problems. The Board would have to establish procedures to govern the release of materials, components and plant capacity for consumer goods production as well as ensuring that urgently needed goods were manufactured. To safeguard the public interest the WPTB should instruct manufacturers to emphasize their low priced lines to keep costs within existing ceilings. However some price increases for new durable goods might be needed to meet higher costs providing they did not affect the cost of living index too seriously. [24]. In general terms, the study assumed few if any significant price alterations would occur before the war's end for the Chairman continually told Canadians that the price ceiling would remain for the duration of the war.

The study also tried to predict the WPTB's role after the war. It concluded that the Board should continue with price control during decontrol "until the adjustment of supply to demand is adequate to safeguard the economy against a possible inflation and the accompanying speculative expansion." It also recommended that the Board adopt an active stance in stimulating reconversion of industry to increase employment opportunities for returning servicemen and workers released from war industries. The government should also encourage export industries to secure overseas markets while the Board should eliminate all import prohibitions imposed strictly for wartime purposes as soon as conditions allowed. In an interesting sidelight the study commented "there may be strong political demands for the continuance of price control. A combination of a rising resentment and too demands for the maintenance of price control."

At the start of 1944, however, such a conclusion sprang largely from speculation. Public opinion polls on the continuance of controls indicated an almost even split among Canadians. Those in favour of keeping controls held only a marginal advantage. They believed controls could limit profiteering and big business abuses, were fair, equitable and efficient and prevented waste. Continuing controls could reduce over-production, unemployment and economic chaos. Individuals opposing controls resented intrusions on private enterprise, liberty and individual initiative and believed government control to be autocratic, inefficient and bumbling. The memorandum on the polls prepared for the Prime Minister concluded that "the strongest opposition may be expected from organized business and the upper income groups generally, but there may also be complaints from farmers and wage earners. The main source of support will lie in the middle income classes." 25.

The WPTB's decontrol study stressed the continued need for the support of the government for the Board's work. It suggested that if cost changes warranted ceiling price adjustments, the Board should consider raising individual maximum prices for "if control is removed, supervision over and knowledge of conditions in the industry will be difficult to achieve and the re-introduction of controls extremely difficult, if not out of the question." Without accurate information upon which to base decisions, the Board would be flying blind, a situation it wished to avoid if at all possible. Strict price ceilings for materials would prevent manufacturers and processors from claiming higher costs as justification for demanding higher prices. At the same time maintaining controls over items important to the cost of living would suppress pressures for the sort of wage increases that could trigger a price-cost inflationary spiral.

However, other pressures for relief from price ceilings could develop as the report predicted that demands would soon start for retention of the ceilings at raw materials and manufacturing levels while allowing historic mark-ups or removing controls completely at the distributor level. Those pushing for this change would suggest that competition among retailers would keep consumer prices down. Board officials rejected such ideas completely, noting that if shortages developed during the transition period distributors would take advantage of this and boost prices sharply. It was exactly this sort of speculative price increases that the WPTB wished to avoid in the decontrol period. The report categorically concluded that "higher distributors' margins will not encourage an increase in supplies or stimulate employment. Such stimuli can more appropriately be given at the production and manufacturing levels with retail prices being allowed to rise by no more than the increase in laid-down costs. The elimination of price controls at the retail level should be postponed until supplies have become adequate and other price controls can be eliminated as well." 26.

The issue of subsidies remained tied to the debate about the future of controls. Raw materials subsidies could end with the war's conclusion as continuation beyond that date would be very difficult to justify. However, logical arguments existed for the maintenance of consumer subsidies to prevent undue increases in the cost of living index. At the same time by keeping equitable distribution controls the Board might alleviate initial supply shortages. Rationing would continue until sufficient supplies of necessary commodities existed to be distributed throughout the nation, while the fate of export controls would also be determined by the domestic supply situation.

The Research Branch concluded this appraisal of the post-war application and suitability of Board controls by suggesting that rental controls should continue in the face of specific regional housing shortages. It did propose an innovative solution that could stimulate housing construction, suggesting that "in scarcity areas the incentive to new construction will be related to rental values placed by the Board on new dwellings not old ones. The Board might meet this problem by releasing all new dwellings from rent control (or by a freer type of control), leaving existing dwellings under the ceiling." Finally consumer credit restrictions could be relaxed as supplies of durable goods became more plentiful.

This analysis of Board controls became the WPTB's working document on decontrol early in 1944. Although the Chairman had suggested the time to discuss decontrol had not yet arrived, clearly his caution did not spring from

Board inactivity on decontrol issues. Gordon apparently believed that by limiting the discussion of decontrol plans, he could eliminate any leaks to the general public or the business community until the whole package had been assembled and decisions had been reached on how the programme would be introduced to Canadians. The publication of only a part of the scheme could leave the public with a distorted view of decontrol and might engender responses to rumoured Board moves that could thwart the actual planned WPTB actions.[27]

While Gordon reviewed the Board's internal study, Mackenzie King received Finance Minister J.L. Ilsley's response to the Prime Minister's request that all Cabinet members offer their views on reconstruction. Ilsley stressed the need for fundamental changes in the federal system and the methods under which taxes were collected and spent by the federal and provincial governments. The Finance Minister simply did not believe that the broad range of social security and post-war unemployment issues that would arise with the war's end could be handled if the country reverted to the pre-war taxation system.

He therefore suggested that new arrangements comparable to those in operation in wartime, should be negotiated with the provinces. This would allow the federal government to introduce a social security scheme (encompassing family allowances, additional unemployment assistance and improvements to the old age pension scheme to lower the eligible age, and to make contributions and coverage universal). Ilsley believed a health insurance scheme should be included in the package providing the problems with the jurisdiction of the provinces in the field could be worked out. As well he wanted the government to launch a series of construction or employment-creating projects that could absorb some of the expected high unemployment that would accompany the post-war depression. Ilsley argued that the government must act with two goals in mind: "the provision of reasonably full employment and reasonable social security." 28. It sounded like the perfect prescription for Liberal re-election and one that, given a year to promote, the government could use to cut the legs from under the CCF and win Canadians to the Liberal vision of post-war Canada.

Many of Ilsley's suggestions saw the light of day in the Speech from the Throne that opened Parliament on January 27, 1944. In that speech the government committed itself to a policy that rested on improvements in social security and individual welfare. Promising full employment, advances in old age security, children's allowances and the retraining of veterans at government expense, the King government also announced that a new ministry of Reconstruction would guide the conversion to a peacetime economy. [29.]

At the same time the Board considered specific methods of encouraging decontrol in certain industries. Gordon presented the issue to Ilsley complete with a suggested course of action. Choosing a hypothetical war plant with surplus capacity wishing to turn the excess into consumer goods production while a shortage of raw materials still existed, Gordon illustrated the dilemma facing the Board by asking "should the war plant, by which I mean a plant established and built for the purpose of meeting a specific war demand, now receive an allocation of the necessary raw materials, or should the established manufacturers in the field be given a priority on the limited supply before permitting the war plant to enter the civilian field." [30.] Before reaching his own decision Gordon suggested that the government make a policy decision. However, he recommended "that the practical solution lies in permitting operating war plants to enter the civilian field as soon as they have the capacity to do so. This, of course, has reference to those plants which will continue to produce for the civilian field the same items as they have been producing for war orders.

A different situation entirely is presented when a war plant proposes to enter the manufacture of a new line of goods in order to make use of its facilities and labour." Such permutations had not yet arisen in January 1944 but Gordon knew he would soon be presented with such cases.

The Board initially chose metals as the field in which to begin experiments with decontrol. Gordon forwarded a lengthy memorandum on the topic to Ilsley followed by a specific proposal that would become the administrative model for procedures to be followed in relaxing controls in many fields. There would be no immediate action as "the war programme is still at peak levels and nothing must be done to endanger its execution."[31] However the Board did not wish to be accused of unnecessarily delaying reconversion because of unpreparedness should dramatic changes in the war situation afford an opportunity to relax controls. Therefore ~~it~~ conducted initial planning.

As the Board refined and redrafted its decontrol plans support grew in the business community for retaining some controls for an indefinite period after the war's end. The Financial Post expressed concern about support for this feeling among businessmen:

> In short ... pressure is now coming from individual business organizations and firms to maintain many of the controls which they objected to so strenuously in principle, but which they find so useful in controlling competitive practices in their individual trade or industry. What is the answer to this postwar dilemma?...
> (a) that industry cannot be expected to be 'shielded' from its own competitive shortcomings once the wartime need has passed.
> (b) that since the government is unlikely to give business any advance warning of when these controls are going to be removed, industry itself should plan in advance what steps (if any) it wishes to take to continue restrictions or control orders on a voluntary basis. 32.

The Post called for clear thinking among business leaders across the country on the exact relationship they wished to maintain with government once the war ended. Noting that C.D. Howe, Donald Gordon and WICB Chairman Gerald Godsoe all backed an end to controls as soon as possible after the war's conclusion, the Post hinted that not all Board administrators shared this view. To protect the interests of the public against such a group the paper suggested an advisory or policy group be created in Ottawa to forward business input on decontrol to the most appropriate government department. 33. However the paper chose to wait for a clearer definition of the government's decontrol plans before laying down its version of the law to Canada's business leaders.

In preparation for the first full statement of the Board's decontrol plans, set for Donald Gordon's speech to the Canadian Club in Toronto in early September 1944, Research Branch director Douglas Gibson pinpointed the two principles that should govern WPTB decontrol activities: "1) that the cost of living should be prevented from rising to any substantial degree, and 2) that prices generally should be held in check (for durable as well as consumer goods) in the expectation that inflated costs may be pared down and a larger volume of production and employment thus made possible." 34. He opposed any extensive reliance on subsidies during the reconversion period for economic and political feedback indicated that public support for subsidies had just about run its course. At the same time, anticipating a post-war depression, Gibson feared that the resultant unemployment and business difficulties would be laid at the Board's doorstep. Under such circumstances he believed that "the Board's efforts to control prices might well be nullified if it were made the political butt for the disillusionment and irritation which are certain to be present on the part of both business and labour." The result could be the disintegration of the Board and an end to its efforts well before the economy had reverted to its normal peacetime operations. However, in response to such a bleak prospect Gibson did not present any ways to avoid public discontent beyond recommending that the government not abandon the Board to defend its actions on its own.

In fact some of Gibson's suggestions appeared in the initial government principles for the resumption of consumer goods production. The Board decided that in future if manufacturing restrictions could be relaxed individual industries could make their own decisions about resuming consumer goods productions. Even if restrictions could not be eased, the Board might allow firms to produce a certain percentage of their production of consumer goods from the base period. Decisions would not be made by Board personnel on the relative needs for consumer goods, but moves would be governed by common sense, giving priority to household items prior to luxuries. At the same time, the Board would try to ensure that any easing of regulations would produce some low-priced models of goods coming onto the market, but there would be no advance notice of any changes in orders so that all industry would receive the news at the same time and start from the same position. Likewise the WPTB staff would not maintain import restrictions to give advantages to domestic producers. Finally certain regulations would also govern new entrants to businesses. In the past, newcomers "in the manufacturing field who wish to produce civilian-type goods, have ... been automatically excluded wherever there is a short supply and the necessity for allocation. The general principle is to allocate available supplies on the basis of the use made of such supplies by various users in a given base period ... if it is established that a new entrant will in fact increase supply, the necessary permission should be given to allow it to enter the civilian field. This would not be true where raw material supply was the limiting factor." 35. The government had decided that responsibility should rest with the individual firms producing the various lines of consumer goods. The Board would not referee or arbitrate in situations in which several firms vied to resume consumer goods production. It would merely eliminate controls deemed no longer necessary and allow the firms in the field to fight it out for raw material allocations.

Obviously such a policy gave large firms distinct advantages. It would be very difficult for a new manufacturer to break into a product line under these circumstances. As the larger firms slowly withdrew from the munitions production field they retained both the capital resources and the connections with raw materials suppliers to ensure continued materials deliveries that would permit the resumption of consumer goods production as soon as possible. Although the lines from producer to distributor and retailer had been interrupted while certain products had not been distributed or manufactured, pre-war manufacturers could re-open these channels. With multiplying consumer demand for goods backed by ample reserves of purchasing power, retailers would beat a path to manufacturers' doors to obtain goods they could sell. For the large manufacturers decontrol administered in this fashion solved almost all of their problems. The conscious decision of the Board not to intervene and allocate raw materials supplies to any but essential consumer goods producers in effect meant that no one else could get into the manufacturing business except those firms that already had ties with raw materials suppliers. This saved the potential costs of competition. As well with distributors, wholesalers and retailers anxious to obtain any models of consumer goods, manufacturers need not spend large sums of money establishing distribution and retailing networks.

Concurrently the Board made some concessions to individuals anxious to take advantage of the relaxation of controls on the manufacture of consumer goods. In May 1944 a bulletin announced significant changes governing the opening of new businesses or the expansion of existing operations dealing in consumer goods. There remained however, a significant qualification to this expansion of business opportunities which limited its effectiveness as a lever to increase competition and open markets for all interested participants, for "to ensure that new entrants into business have knowledge of the supply and other considerations affecting their proposed activities, it will be necessary for the applicant for a permit for a new business to sign a statement to the effect that the Board assumes no responsibility for the supplying of any goods, materials or equipment that may be required for the establishment or operation of the business." 36. Under such circumstances the Board could not lose in relaxing controls on the establishment of new businesses. Few if any firms could be started under such conditions and the agreement signed by any individual desirous of opening a business told him as much.

The Financial Post applauded the move, commenting enthusiastically that "for the sake of speedy and real economic recovery from the war it is to be hoped that other senior government officials will exercise the same broad wisdom as the head of the WPTB. By his actions and words, Mr. Gordon has indicated plainly that the excessive government control we have experienced is justified only by a temporary national emergency and that it should be eliminated progressively with that emergency." 37. The editorial did not mention the implications of the Board's announcement for those interested in entering consumer goods production where they had not been previously active. The moral of the experience was simple: those firms that had co-operated with the government during the wartime crisis (there were very few still operating that did not fit into this category) could now reap the rewards for their support of the government's wartime economic policies.

As C.D. Howe's biographers have noted, the Liberals achieved notable success in the summer of 1944 with their new image for "the parliamentary session of 1944 was a brilliant success. Advanced social legislation now burdened the statute books: reconstruction, veterans' re-establishment, family allowances, new housing legislation, incentives for exports; all highly visible and popular." [38.] Polls conducted by the Canadian Institute of Public Opinion in August 1944 demonstrated the public enthusiasm for the government's course of action. Asked if they would like to see many changes or reforms in the post-war nation or if they preferred things to remain largely as they were before the war, 71 per cent of Canadians supported changes. Asked the same question only 57 per cent of Britons and 32 per cent of Americans wanted changes. [39.] The stage had been set for Gordon's September revelations about the details of decontrol, but a few more pieces had first to be fitted into the government's puzzle so that Canadians could confirm the direction in which the country would be heading.

In preparation for a meeting with the Minister of Finance to discuss decontrol policy options, the Board's Executive Committee considered the WPTB's future. The Board could either divorce itself as early as possible from civilian supply questions, except those involving essential supplies within the scope of its present activities, or it could assume a leading role in directing and controlling the change from munitions to consumer goods production. Gordon rephrased the alternatives facing his colleagues. The Board could become a peacetime department or it would bow out, leaving the government to decide what it wished to do. [40] Not surprisingly the Board supported the second course. The fear that close involvement with reconversion would label the Board as the villain in all difficult economic situations during the decontrol period made this decision much easier. Gordon wished to avoid shouldering the blame for any specific problems that might arise. As the evidence shows, he was not as reticent about wielding his power and authority behind closed doors throughout the decontrol period. If

Gordon could convince the public that the Board was merely acting in response to government instructions rather than developing its own policies he could deflect any criticism away from the Board and himself, leaving the WPTB with all the benefits without any of the potential liabilities of decisive action on decontrol. To some extent the government stymied these plans for until the election of June 1945 it remained wary of becoming too closely involved with any actions that might be deemed unpopular. This left Gordon to float many of the trial balloons on decontrol giving the government an opportunity to evaluate public response before reaching decisions.

Gordon's reluctance to adopt such an active role in public pronouncements about decontrol did not stem from the lack of a clear position on the direction that decontrol should take. In a letter to the head of the American Office of Price Administration (the U.S. organization comparable to the WPTB), Gordon gave Chester Bowles a broad outline of the Canadian position. In the U.S., a report to President Roosevelt from the Director of War Mobilization James Byrne had suggested that consumer goods returning to production in the U.S. be priced somewhat above 1941 levels (when the goods had last been produced). This ran completely counter to Gordon's plan to hold the line to 1941 price levels on all goods returning to production.

The Financial Post's Kenneth Wilson pointed to the serious dilemma that such a move in the United States would present for WPTB officials, commenting that "what WPTB officials face is the fact that Canadian manufacturers who require components from the U.S. in order to recommence manufacture of consumer durable goods (and most of them will be required to draw to a considerable extent on U.S. resources) will have to pay the new higher prices which are about to be authorized in the United States." 41. Gordon rejected American plans for he believed that such a relaxation would virtually preclude the possibility of attaining a high level of employment. Gordon also noted that he believed a dramatic rise in the all important cost of living index would follow price adjustments. Canada had its own solutions to these problems that confronted both economies. Rather than the U.S. idea, Gordon suggested that "more flexibility will be required in reconversion pricing than has been the case in the past and we certainly do not wish to hamper the development of peacetime industry by an unduly restrictive approach. We shall, therefore, be prepared at the manufacturing level where they will have the most effect in encouraging production. I think we can appropriately follow a tighter policy at the retail and wholesale levels and also at the basic materials levels since increased material prices will have serious effects on manufacturing costs." 42.

Gordon's comments to Bowles illustrated two important points: employment opportunities must be present to prevent large scale unemployment following the end of the war, and the Board must act strongly and decisively without unnecessarily hindering the pace and extent of peacetime industrial reconversion. This could save the Board from being perceived as responsible for any problems that developed. It also enhanced the likelihood that consumer goods could quickly be returned to store shelves to satisfy long restrained excess purchasing demand. That would prevent the rapid growth of inflation.

In line with these objectives and in response to American spot relaxation of restrictions on metal supplies for domestic consumer goods production, Gordon outlined to J.G. Godsoe the approach the Board would follow. In a covering letter to W.C. Clark he mentioned that, "I expect that this letter [to Godsoe] will create a bit of a stir but may have some effect in crystallizing decisions which ought to have been made some time ago. I have discussed the situation with Mr. Ilsley and he is in general agreement with this approach." 43. In future the WPTB would accept responsibility for the adequate supply of essential civilian needs but would "not undertake the task of allocating the manufacture of products from materials in long supply, nor will it attempt to guide manufacturers, etc. back from war production into civilian supply except in cases which assistance is still required to ensure specific programmes for essential civilian supplies." 44. The WPTB thus completely freed itself from any responsibility for unemployment that might arise from the cancellation of war contracts!

Having made these preparatory steps the Board could then move towards decontrol exactly as outlined in Gordon's letter to Godsoe. Relaxation of controls in the metals field followed Gordon's speech to the Canadian Club. An initial list of cancelled orders appeared on September 15, 1944. By throwing limited areas of the market open, the Board allowed manufacturers to produce any non-restricted goods providing they could locate needed raw materials and manpower. War production and essential civilian supply would continue to receive priority from NSS and WICB controllers but beyond that, manufacturers could act as they wished. At the same time the WPTB would phase out the permit system for obtaining specific materials for certain products. One key condition remained in force:

"the Wartime Prices and Trade Board will continue to be responsible for all price decisions or price fixations in regard to all goods coming on the civilian market." 45. The Board hoped this gave its officials sufficient economic clout to prevent the rapid development of inflation.

Throughout the summer the Chairman shifted the emphasis in the Board's advertising and promotion policies. Decontrol and reconversion and not the need to continue controls soon became the dominant theme in Gordon's speeches. As before, when selling the price control programme, he naturally assumed that Canadians had to be convinced that the Board's chosen method of decontrol was the only option open to the government. In March 1944 Gordon spoke to the local branch of the Retail Merchants Association gathered in Quebec City. In discussing the coming months he commented that "it has always been my personal view that controls imposed for the purpose of meeting the emergency of war should be removed as soon as the reasons which gave rise to them have passed. ... The best hope for re-establishing a sound and healthy economy after we have rid ourselves of the disease of war is to leave business as free as possible to develop under its own initiative and responsibility." 46. These words sounded like music to the ears of the Financial Post, whose editors noted that "some businessmen who were loudest in their condemnation of wartime controls when inaugurated are now loud in their protests that these controls or some part of them must be retained. Mr. Gordon's warning that 'if we try to compromise, we shall have the worst of both worlds' is a dire truth that Canadians must heed."

Gordon's blanket statement that controls on all commodities would be removed as soon as possible helped dampen enthusiasm for a continuation of controls that the Financial Post had discovered among some groups within the country. The Chairman repeated his message throughout the spring and summer of 1944. With the arrival of autumn, however, he shifted discussion about decontrol and reconversation to a new level. Allied armies in Europe had broken free from their Normandy beachhead and had started a race across the continent that would be only momentarily interrupted in Belgium in December before entering Germany and bringing the war to an end in May 1945.

With victory on the horizon, public support for decontrol and reconversion increased at an ever-accelerating pace. The Chairman broached this topic in a major address to the Canadian Club in Toronto on September 11, 1944. His speech had a simple theme: price and ration controls had presented a monumental challenge met only by the strong support of Canadians all across the country. No one should think, however, that under current conditions the task and challenge facing the country had in any way altered. In fact, extricating the nation from controls could prove to be an even greater challenge to Canadians. Gordon outlined the Board's approach to this issue, stating that "it is the administrative objective of the Wartime Prices and Trade Board to reduce and simplify its system of wartime controls by withdrawing, as soon as practicable, all orders prohibiting or restricting the manufacture of finished civilian products." 47. To support the statement the WPTB revoked 56 orders that related to standardization, simplification and manufacturing restrictions on metal goods.

Gordon also clarified the way price controls would be phased out. The Board would "maintain stable prices established at the basic period level of 1941 and as goods formerly prohibited or restricted begin to reach the market, they, too, will be priced at the level which they had already established, or - for new goods - at the level which would have been appropriate if they had been sold in the fall of 1941."

Although these first announcements on decontrol came almost a year before the Allies finally achieved victory in Europe, in September 1944 many observers believed that the war would soon end. Sensing victory led the Financial Post to consider again the future of price control. Rejecting a rigid ceiling, the newspaper had reluctantly concluded, even before Gordon's speech, that a complete abandonment of price control would not produce a trouble-free reconversion for "the sudden jump in prices needed to offset the accumulated increase in costs since 1939 might wreck our whole economic structure. The big inflation during the first Great War period, it should be remembered, occurred after the armistice, not before, and this time there is a far greater tie-up of industry with war than there was in 1914 - 18. Uncontrolled prices and uncontrolled scramble for goods following the peace would be disastrous. Through subsidies or some other suitable arrangement prices must be kept under control and distribution of scarce goods arranged fairly until Canadian industry can be completely demobilized and the normal play of supply and demand functions again." 48. Encouraged by Gordon's statement to the Canadian Club that controls would stay no longer than absolutely necessary, by the end of September the Post had stiffened its opposition to controls in peacetime, commenting that "it may look like an easy 'out' for the government to continue functions which have, of necessity, had to be taken over because of wartime shortage or emergency. But the operation of such a function under peace conditions would almost certainly prove a very different matter under peacetime bureaucracy than has been the case in war." 49.

The Canadian Club speech began a new phase in Gordon's pressure campaign for public support for the Board. Just over a month later he spoke to the Canadian Congress of Labour in Quebec City and repeated his familiar tale about the benefits that flowed to all Canadians by containing cost of living increases and controlling inflation through price controls. He repeated the pledge made in the Canadian Club address, that "in the Prices Board ... we are going to do our utmost to prevent a rise in prices in the transition period. This we shall do by insisting upon the maintenance of the basic period price level which means the prices ruling during the fall of 1941." 50.

Slowly Canadians became familiar with Gordon's new message. Board actions supported his statements in indicating to Canadians that real progress towards reconversion and decontrol was being made. Under these circumstances the WPTB feared that euphoria might develop. After several years of controls, any slackening could quickly lead to a chorus of voices demanding more and greater reductions in the regulation of the domestic economy. Gordon and the Board faced this possible development in 1945.

A German counter-offensive repelled the Allied armies in Belgium and the Netherlands in December 1944, ending the vision of a quick conclusion to the war. For a couple of weeks German troops held up the liberating armies of the Allies but soon the overwhelming military might and productive resources of the Allied nations turned the tide, returning their forces to the offensive. In fact the Battle of the Bulge was merely the last desperate gasp of a defeated enemy. With German productive resources in a shambles under increasingly heavy attack from Soviet forces on the east and those of the other Allied nations on the west, the government and the Board knew early in 1945 that only a few months of war remained.

However, in December and early January the European reversal had sufficiently frightened the WPTB and government officials that they cancelled plans for increasing supplies of consumer goods early in 1945. It was far from an easy decision to make as the Liberals would soon be going to the Canadian people in the first general election since 1940. It would take a major effort on the government's part to overcome the bad publicity almost certain to arise from halting decontrol. Only the fact that little decontrol had taken place before stopping the programme could comfort the increasingly anxious Liberals.

Outside issues also posed problems for the government when it stopped decontrol. Some observers believed great pressure would be exerted on the price ceiling from rapidly escalating American prices and demands to allow the entry into Canada of British goods price anywhere from 33% to 75% higher than comparable domestic products. Kenneth Wilson, the Financial Post's veteran Ottawa reporter, presented a realistic appraisal of the immediate future in the paper's first edition in 1945. He said that "industry and civilian users alike must be prepared for continued postponement of unfilled desires and needs, certainly through the first quarter and probably through the entire first half of 1945. So far as civilian supplies are concerned, there will probably be no actual reduction from the amount available during 1944. But there will be little chance of increase." 51. With hopes for reconversion in the coming months dashed, a more specific problem remained. The public had been encouraged to think about decontrol and reconversion. Could they now be persuaded to postpone once again any hopes for the future? The Board and the government hoped that they could. As long as the military threat remained in Europe, the Board could count on public support for controls but once the Allies returned to the offensive, the public would begin to clamour for an end to controls and an increase in the availability of consumer goods. In the interim the Board had a breathing space. The slight reprieve created by the European situation provided an opportunity to fine tune programmes and bring them into sympathy with public sentiment.

This challenge faced the WPTB in 1945. Planning for decontrol had started initially in 1942. The process took considerable time and resulted in many refinements to the original suggestions. By 1944 the Board had launched its reconversion efforts even before all planning had been completed. This move was the logical outcome of the overriding government fear of post-war depression. Under such a threat all possible steps had to be taken to stimulate the expansion of employment opportunities within industry to provide jobs for returning soldiers and those released from munitions industries. The threat of depression dominated the overall planning of the government as well for if the war ended before the federal election and the country plunged into a depression, the Liberals would face a very bitter electorate. It remained for the governing party in orchestrating decontrol to ensure that a depression did not occur.

That in part could have been one reason why the government put its trust in existing businesses. If the government helped the firms that had converted to munitions production by easing their return to the manufacture of consumer goods, then perhaps the effects of a post-war depression could be eased. By not allocating raw materials to new firms entering a product area, the WPTB ensured that many products would only be built by existing firms. At the same time when most controls ended, allocations did not continue, again giving an advantage to firms previously active in an industry, and to large and profitable firms that could afford to outbid others for raw materials and labour. Many of the industries converting to consumer goods production from manufacturing munitions on a cost-plus basis fell exactly into this latter category and reaped the benefits of their wartime wealth.

From the government's point of view, offering such advantages to existing industries would be a small price to pay if it could avert a depression. However, heading off an economic collapse would require the combined efforts of politicians, bureaucrats and industry. In many ways through the relationships already created by wartime co-operation these three groups had become one. The true test would be their ability to continue to work as one to move reconversion programmes from the drawing board into practice.

Chapter Ten

Implementing the Strategy

By early 1945 decontrol dominated the thoughts of senior WPTB officials and had caught public attention as well. After several years of living with the inconveniences produced by the price ceiling, rationing and related controls, many Canadians had an interest in the economic stabilization programme and the government's ultimate plans for price control. Some consumers perceived the continuing need for a price freeze as a means to limit inflation for many years after the war. Others, largely business groups, thought the whole controls superstructure should be dismantled as quickly as possible. However, even some businessmen believed that through controls they could gain advantage over their competition and rationalize the post-war marketplace to prevent a return to the economic conditions of the pre-war 1930s.

Through the use of public opinion polls, WPTB officials already knew the views of Canadians on decontrol, and had decided that controls should stay in force at least for some time after the war to ease readjustment and reduce the likelihood of a depression. However, as decontrol progressed following the end of the European war in May 1945, business pressure forced the WPTB to modify its intentions on maintaining the base period, while still publicly talking about adherence to base period prices. Further modifications to WPTB plans occurred as most price ceilings were ended by early 1946. In the end some disparity existed between the hard line taken by WPTB officials in talking about decontrol, and the actual steps taken by the Board and the government to wind down the wartime control of the economy.

Throughout the course of decontrol, unforeseen events forced the WPTB to adjust its original decontrol plans. This had started even before decontrol began in earnest as in late 1944 and early 1945 political considerations assumed an increasingly important role in charting the government's decontrol course. Although economic and bureaucratic arguments still held considerable influence with the decision-makers in Ottawa, increasingly the politicians cast their eyes on the election they knew they would have to fight early in 1945. Announcements and decisions were structured with that event in mind to gain maximum political benefit for the governing Liberals.

For example, when faced with rumours that American officials planned a major relaxation of controls amounting to an almost complete abandonment of economic regulation as soon as it became feasible, the WPTB announced a phased plan for Canada to reintroduce consumer goods to the marketplace.

One event in 1944 had focussed Liberal attention on the need to move to head off growing support for left wing political alternatives. On June 15, 1944 the people of Saskatchewan went to the polls and overwhelmingly swept T.C. Douglas and the Co-operative Commonwealth Federation into power with 47 of 55 seats in the legislature and a clear majority in the popular vote. It was the logical result of the rising CCF fortunes demonstrated earlier by the 1943 by-elections, the Ontario provincial election of that year in which the CCF came from having no members to official opposition status, and the late 1943 Gallup Polls that showed the Liberals, Conservatives and CCF virtually even in public support.

The results of the Saskatchewan election proved the catalyst needed to force the Liberals to spend extensive time and effort in shifting to a progressive stance in 1944 in preparation for the upcoming election. The goal would be to expropriate the CCF's position as the spokesman for social improvements in Canada. The Liberals accurately perceived that gains could be made by shifting the party to the left at least in rhetoric if nothing else. In doing that the information bureaucracy assembled by the government for wartime propaganda purposes could play a key role. As William Young has noted, the Liberals slowly realized what others had learned earlier -- that the information organization could be used for political advantage. Young has noted that "the opposition to the left of the government perceived that by working within the information organization to promote popular sentiment for social reform, it was legitimizing the public positions of the left-wing political organizations. As soon as the party in power, the Liberals, recognized the strength that control of the public information apparatus gave them, they cashed in. They used their position as the government to try to prevent any other group from capitalizing on the power of the information organization. At the same time, they saw that they could identify ostensibly objective comments with their political subjective needs." 1. As Young has shown, an example of Liberal efforts to use the information apparatus for political advantage occurred when "the WIB implied that the success of these Liberal controls compared favourably to the failure of the Conservative Union government from 1914-1918 and that publicity would allow the Liberals to take a backhanded slap at their present Conservative opponents." [2]

However any overt political messages were very skilfully disguised within broader themes presented by all government information agencies. Naturally enough, within this framework the WIB took the lead. Its officials prepared programmes dealing with food, consumer issues, economic stabilization and reconstruction. All of these campaigns tried to build support for the government based on the assumption that if Canadians understood the reasons for the various WPTB controls and orders they would naturally support them. Through "a judicious selection and dramatization of the facts, the WIB tried to stimulate thinking and discussion of current issues. The board also tried to explain the interrelationships binding society with government policy, particularly for the post-war period. All these programmes included a participatory message or mechanism that tried to awaken a sense of belonging and of responsibility." [3]

Increasingly, as the war neared an end, the Liberal message at least subtly invaded the WIB's programmes. The result was a campaign that promoted at one and the same time the programmes adopted by the government and the government itself as the only alternatives to chaos, post-war depression and economic collapse.

By the start of 1945, as the Liberals geared up for the election that was bound to come that year, senior civil servants and the governing party had almost become one. In preparing the post-war reconstruction strategy, differences between the bureaucrats and the Liberals had disappeared. In his study of the governing party during this period, Reginald Whitaker suggests that "the Liberals party was by now the Government party and as such its ability to draw on the expertise and new ideas of the civil service and to put them into effect in an electorally successful manner was an integral aspect of its functioning as a political organization. The civil service was a resource unmatched by anything which the opposition parties could command in the way of ideas. The point was that the Liberals proved capable of using this resource with a considerable degree of sucess." [4]. The months leading to the June 1945 election proved a graphic demonstration of Whitaker's point.

A Financial Post survey early in 1945 revealed that few businessmen expected any immediate push for decontrol prior to the end of the war. Most realized that it would take some time to fire the engines of the domestic economy and resume the production of consumer goods. Looking at the massive purchasing power that had been restrained for over five years, they predicted a rosy future for the Canadian economy but most agreed that until the situation returned to a near normal state, controls could not be abandonned. They also believed that the conversion from war to consumer goods production could not begin in earnest until the end of the war.[5] This view had changed markedly from late 1943 when many businessmen demanded an immediate end to controls.

Two things had occurred to give businessmen this new view of the situation. In the first place both the government and the WPTB had repeated time after time that there would be no immediate abandonment of controls, no matter how great the pressure. Perhaps the message had finally hit home. More likely, however, businessmen had realized, as government had earlier, that controls could serve a valuable function if indeed the end of the war brought on a depression. The country had tried to weather a depression in the 1930s under a free enterprise system.

Now business had been through a war under controls and in most cases had not suffered extensively. A few more months of controls, if it could help ensure a prosperous future, would not be that great a price to pay.

At the same time the Board had become more sensitive to business views and in fact took steps to end some controls before the war ended. In the spring of 1945, for instance, Gordon and his officials presented the Minister of Finance with plans to reintroduce automobile production for consumers. It had been suspended during the war, and now in starting again the auto industry in 1945 faced substantially higher production costs while still expected to sell finished products at 1941 price levels. The WPTB would not compromise on this demand for as Gordon noted "if we fail to hold the line in this regard it will be exceeding difficult for us to resist the pressures for price adjustments which we will receive from other manufacturers in the metal using industries." 6. Only by either reducing or subsidizing manufacturing costs could a solution be found. When presenting the problem to Ilsley, Gordon as always had a scheme in mind to deal with the issue.

7

In early 1941 the government had introduced sales taxes at rising rates above a 25% minimum to discourage consumer purchases of automobiles, stoves, refrigerators and other household appliances. The taxes were imposed on manufacturers and importers and therefore became part of the base period price for the goods following the introduction of the ceiling at the end of 1941. In the interim automobile production ended in 1942 and few other major appliances had been made during the war. Therefore, as Gordon drew to Ilsley's attention "removal, in whole or in part, of the taxes in question would have no comparative adverse effect on Government revenue and I would assume that in the normal course such taxes would be removed or reduced as the time approached when it was desirable to encourage the production and sale of such goods in the reconversion period." If the government removed the tax and allowed auto makers to sell their cars at existing base period prices, manufacturers could increase their cash returns. Gordon therefore proposed an order-in-council to eliminate the tax. He believed this would "afford the manufacturer of the goods in question more than ample relief from the effects of the price ceiling and would permit the resumption of manufacture of the goods in question and their sale at or below basic period levels."

Gordon also kept the Minister of Reconstruction, C.D. Howe, posted on WPTB decontrol moves. At the end of March he told Howe "there should be a common policy throughout the various departments of government with respect to the timing of decontrol." 7. Gordon had his own reasons for such a suggestion. The Board planned to eliminate as many of the controls that restricted the use of materials for the manufacture of consumer goods as possible as soon as the European war ended. To decide on the controls to be eliminated, Gordon needed input from other government departments. Otherwise, he believed that "the relaxation of some of the industry restrictions of the Prices Board, which may be quite appropriate in terms of the civilian supply situation, may not be fully in harmony with the plans of the Department of Reconstruction."

The exchange of information could be useful for Howe as well. Since assuming the position as Minister of Reconstruction in September 1944 Howe had worked with senior bureaucrats from the Department of Finance in developing the government's reconstruction plans. Not only would the programme developed by this group chart the post-war course for the Canadian economy, in more immediate terms it would form the backbone of the platform upon which the Liberals would stand for re-election in 1945.

Based largely on a document prepared by W.A. Mackintosh in late 1944-early 1945, Howe tabled the "White Paper on Employment and Income" on April 12, 1945. The European war was in its last days and the government took this opportunity to present its plans for the future.

The government's role in the months ahead would be to ensure a high level of economic activity in the country. Envisaged were the promotion of export trade through multilateral tariff reductions; the encouragement of domestic investment through an industrial development bank; the removal of controls followed by the reduction of taxes as quickly as possible to give money to investors; the provision of pensions and family allowances and support for public investment in specific projects across the country to stimulate employment in such fields as aviation, scientific and industrial research. These projects formed the basis of the White Paper. The document received wide distribution and publicity.

The real purpose of the paper, however, became clear four days after its tabling as the government dissolved the House and called a general election for June 11, 1945. Running with the White Paper as the basis for the future, Canadians could look confidently on the Liberals as the best party for the post-war era. The White Paper's progressive view of post-war developments could also help siphon support from the CCF. That party already had to fight against smears of Communism (chiefly in Ontario where the Conservatives were fighting to hold power against the CCF in a concurrent provincial election) which absorbed considerable time.

On the other side, following a Conservative victory in the Grey North by-election in which King's choice for Defence Minister, General A.G.L. MacNaughton, had been defeated, the Opposition decided to stress conscription for the Pacific war in the general election. As in the past, the policy won the party few votes in Quebec or in much of the rest of Canada where the war against the Japanese had been considered a secondary contest compared to the European conflict. As J.L. Granatstein and J.M. Hitsman have noted in discussing conscription, "what the Conservative pledge did was to reinforce the impression that the Conservatives were blood-thirsty, that any war was better than no war and that the Liberals were probably the party best able to handle the peace." [8].

During the campaign the WPTB played a careful role. Continuing decontrol would be good for the Liberals as it would show that a start had already been made on their post-war plans. At the same time however, debate about the reimposition of meat rationing continued to haunt the Board and the government. But no action would be taken that could rekindle the general public's late 1943 anti-controls sentiment. Instead the Board and the government stressed voluntary restraint on the consumption of goods in short supply, noting that such responsible action by all Canadians would make the transition to peacetime much easier. 9. Until after the election the government preferred positive steps by the Board to emphasize voluntary restraint.

Just days before the end of the fighting in Germany, the Board decided to revoke most standardization and other restrictive production orders, lifting advertising and packaging restrictions as well. This would make the resumption of consumer appliance manufacturing easier. The Minister of Finance announced the news soon after V-E day.

On May 5 the Board outlined the three common elements in decontrol plans for all sectors of the economy:

> 1. Adherence, for the time being, to the 1941 base price policy for consumer durable goods as they come into production.
> 2. A policy of selective 'decontrol' of prices where goods again become in abundant supply.
> 3. The governing principle of 'scarcity' rather than a military date, such as VE day, in determining the timing, nature and extent of 'decontrol'. 10.

The first principle had been mentioned frequently in the preceding months but the concept of a selective decontrol programme surprised some people. As Canada's participation in the Pacific theatre did not approach its involvement in Europe, the government believed that munitions industries could be allowed to return to consumer goods production as time passed. Then the supply of consumer goods would obviously increase and ultimately price controls could be ended. Ilsley believed this chain of events would accelerate as events in the Pacific war moved towards a climax.

In the interim the WPTB continued its rapid fire series of decontrol announcements by revealing details of the tax remission programme suggested by Gordon to ease the squeeze on auto manufacturers. It would apply to producers of gas and electric appliances, radios, phonographs, radio tubes, building materials, cameras and photo supplies and automobiles. Public demands for a resultant price reduction did occur but in reply manufacturers proclaimed their desperate need for relief in order to sell goods at 1941 price levels. The Board hoped that as the price squeeze eased, manufacturers would pass along the reductions coming from the elimination of the tax but the WPTB's immediate concern remained maximizing the productive power of the economy. The remission programme, however, raised a serious question about the equity of WPTB actions, as noted by the Financial Post which commented that "the general question now is whether the WPTB can continue on a policy which provides what amounts to a blanket price relief scheme to one segment of industry without giving similar relief to others. To date no formula for giving relief to the 'others' is indicated which will avoid breaking the ceiling or granting subsidies wholesale which would be in direct contravention of Donald Gordon's public statement of September 16, 1944." 11. For the moment the Board did not act on this complaint although, as Gordon announced, "the Board will welcome any reduction in consumer prices which will result from the tax reductions ... but the Board is not taking any formal actions to force reductions." 12.

In response to the tax remission programme Research Director Douglas Gibson brought his concerns to Gordon's attention. He bluntly informed the Chairman that "the public and business have a right to expect government to show some measure of consistency in its actions. On the one hand, government as the Prices Board says 'no relief in the form of price increases or subsidy unless you can demonstrate real financial need'. On the other, government as the Minister of Finance announces the removal and reduction of special taxes and says to the manufacturer and trade that they do not have to pass on the benefit of these tax reductions - in short permits substantial 'de facto' price increases." [13] Gibson also complained that no logical patterns existed to justify the tax reductions. Thus the Board could not even fall back to this position in defending its actions in eliminating taxes and reducing the government's own revenues in the process. He noted that "automobile people get de facto permission to raise their prices by percentages increasing with the value of the car - a fact which if taken by itself would encourage production of higher priced cars to the detriment of lower priced models. The electric appliance people are freed of a 25% tax without any relation to the type of appliance or relative financial need. About all that one can say is that the tax remissions will reduce our pricing problems but there is no clear relationship between them and the financial need of the prospective recipients." He argued that these measures certainly would not win the support of organized labour. Workers might well ask why their wages could not be raised, and landlords could legitimately suggest that they should be allowed to increase rents. In total if it could be mobilized, considerable potential opposition existed to the plan.

Gibson's analysis proved remarkably correct. Less than a week after his protests to the Chairman, the Minister of Finance responded to complaints about the tax remission programme. The speed of his reply to early criticism of the plan could well have been related to the ongoing federal election campaign for Ilsley announced that manufacturers who did not benefit from the programme could receive upward price adjustments providing that they could no longer operate under the ceiling. A company could outline its difficulties and provide the extensive financial information required by the Board to make a decision to its Administrator. If successful, it would receive adjustments in retail prices.[14.] Fearing many objections about the tax remission programme the Board and the government had been forced to backtrack. Those complaints that had already arrived noted that the tax scheme ignored the policy of relief in cases of financial necessity earlier outlined by Gordon and that it provided relief to a whole industry rather than on an individual basis following consideration of the financial needs of each firm.

In fact, the WPTB had violated the first principle of its decontrol plans. The adherence to the 1941 base price for consumer durable goods lasted less than a month. Having given ground on this issue it would be very difficult for the Board to stand firm the next time industries complained that they could not stick within the base period price level. Just as serious for future administration of the remaining controls, the WPTB had also discarded the concept of dealing with firms on an individual basis. By granting relief simultaneously to all companies within an industry the WPTB gave a distinct advantage to the larger firms. In most cases these companies were already in a better position to withstand the problems created by maintaining the base period simply because their sales volumes generated greater cash flow. Likewise, once controls were relaxed or ended they could reap greater benefits more quickly than smaller firms.

Perhaps in response to criticism, some industries passed on their savings from lowered taxes to consumers. Electrical appliance firms generally returned half of their 25 per cent tax reduction while some building materials also declined in price following the removal of an 8 per cent sales tax.[15.] Auto manufacturers did not cut prices as the industry had been completely converted to war production. Considerable time and money would be required to reconvert and still sell cars at 1941 price levels which justified, in the industry's view, their retention of the full tax cut.

In the end this relaxation of the base period concept likely helped the Liberals win some electoral support from the business community. Despite the shift to the left in electoral rhetoric, with the emphasis on post-war social policies and programmes, the actions of the government suggest it did not wish to alienate business interests. This effort to appeal to both sides paid off as the Liberals won re-election with 125 seats compared to 67 for the Conservatives, 28 for the CCF, 13 Social Credit and 12 others.

With the Liberals still in control the WPTB's plans for reconversion remained unaltered. The Board publicly still talked about the need to keep a relationship between the 1941 basic period and the current price ceiling even though it had abandoned it already. Nevertheless, the WPTB justified the base period in simple terms, saying that "since costs, particularly in the reconversion period, are difficult to forecast, departure from the basic period anchor would render the basis of pricing policy less and less clear, and the difficulty of setting new prices would become increasingly great. The basic period principle is therefore being maintained as the anchor of the price control system." [16] The statement ignored the fact that in response to protests over the tax remission programme the WPTB had violated its own principles on the base period.

In general terms, however, controls would remain until production and supplies of goods became sufficient to prevent the start of a period of rapid inflation. Under such circumstances, the Financial Post speculated that prices at the end of decontrol would be little changed from mid-summer 1945 levels as long as employment and income levels did not decline and inflation remained under control. The paper's editors optimistically forecast that "on the record of past performance, and in view of some of the unique factors in the situation, it would seem that Canada has a pretty good chance of coming out of the next few years without having her price situation blasted skyhigh or the bottom drop out of the market for goods." 17.

The end of the Pacific war again forced the government to consider the legal basis for the administrative powers needed for decontrol. Not surprisingly federal officials had no intention of allowing their powers to slip away. The government therefore introduced legislation proclaiming that the state of emergency still existed. The act had a definite termination date but a simple vote in the House of Commons could extend the life of emergency legislation if the economic situation had not stabilized. The government planned to refer the act to the courts as soon as the legislation received royal assent to test its constitutional validity. This legislation brought to a formal end the planning stage of decontrol. Now the government had to live up to the promises it had made.

The stage had been set by mid-August as several government departments focussed attention on eliminating regulations. Controls on most metals and chemicals, ship repairs and salvage were revoked at the end of August. Restrictions on the production of non-military aircraft ended in September and the Board also eased controls on construction although material and manpower shortages would continue for some time. Oil controls had already been lifted but coal, timber and transportation rate controls would stay in force for an indefinite period. Finally rubber restrictions would die with the end of 1945. These controls all fell within the jurisdiction of the Department of Munitions and Supply but the WPTB watched developments very closely for even after the removal of controls and production restrictions, the WPTB still had the freedom to choose whether to relax or eliminate price restrictions on these commodities. 18. The Post accurately suggested the Board would follow a "hold-the-line and wait-and-see" policy on prices. Although the possibility of selective decontrol existed "it is unlikely that there will be any fanfare about a new selective policy." [19]

The public overwhelmingly supported the WPTB's decision to continue controls. Asked in a Canadian Institute of Public Opinion poll about whether the government should remove controls in July 1945, 77 per cent of respondents wanted controls to continue. Of those, 20 per cent were willing to see controls stay in force for a period of time after things had returned to normal.[20] At the same time, 51 per cent of those asked thought that it would be harder to obtain some foods and clothing items in the coming winter then in the past. [21] Obviously the WPTB had successfully pushed its message that Canadians should not expect good times as soon as the war ended.

Continuing to eliminate ceilings, in early September the Board broadened to a wide range of consumer goods a programme introduced in the auto industry. Starting in August auto manufacturers had negotiated price increases with suppliers of custom or special components allowing price ceiling advantages originally given only to auto makers to be passed on to their important suppliers. This scheme further watered down the "rigid price ceiling kept to 1941 basic period standards" concept as the Board extended the programme to include custom made components for manufacturers of radios, refrigerators, washing machines, electric appliances and other consumer durable goods earlier given the benefits of the tax remission programme. However manufacturers of consumer goods could not negotiate the price of basic materials like fabrics, steel, timber and rubber for the Board believed that granting relief on these items would be discriminatory. Manufacturers would then channel their materials production to the individual industries that would pay the highest prices. This would aggravate existing shortages facing those industries not given the power to negotiate prices. Although such a decision made sense, it did little to increase the Board's popularity with some sectors of the business community. [22.]

Generally speaking the initial flurry of activity in relaxing orders and regulations met with public approval and support strengthened by the lack of inflation during the period. With the situation seemingly under control the Board turned to the next phase of decontrol in mid-November. Initially the WPTB contemplated removing export controls but this step in itself would not diffuse the growing support for more rapid decontrol. The Board could not backtrack on its public statements in support of slow, staged decontrol at this point but correspondence from the Administrator of the Distributive Trades section to W.H. Cranston of the Prices Division in late October noted that "it seems pertinent to mention that there is a very considerable degree of unrest on the manufacturing industries anticipating price increases or the lifting of price controls at the turn of the year. To this end deliveries are already being slowed down and it may well be production will be diverted to the export market." 23. Great care would be needed in lifting export controls to prevent manufacturers shifting production to export markets thereby creating domestic shortages that could contribute to the development of inflation and black markets even with price ceilings still in force.

Despite these worries, by the end of the year decontrol seemed well in hand, in striking contrast to the U.S. There, as Gordon and Chester Bowles had discussed over a year earlier, goods re-entering the consumer marketplace had been priced substantially higher than pre-war levels. This in theory permitted manufacturers to recoup production cost increases from 1941 cost levels and stimulated the reintroduction of goods. However the rapid growth of inflation tempered any benefits that might have accompanied the relaxation of price controls.

Not surprisingly, the WPTB's economics branch noted in November 1945 that "when allowance is made for the 10 per cent depreciation in our exchange, it would appear that Canadian prices are perhaps 15 per cent lower than American in relation to pre-war days." [24] The greatest price differentials between the countries existed in foods and textiles, two commodities that remained under substantial control in Canada.

However, the success of decontrol and the slow return to a relatively unregulated economy did not satisfy everyone. Some, such as C.L. Burton of the retailing giant, the Robert Simpson Co., would settle for nothing less than complete, immediate decontrol. He had opposed controls in 1941, lobbying for changes that would have greatly reduced the impact and scope of the programme, and remained just as adamantly opposed to controls at the end of the war. He directed his anger at Finance Minister J.L. Ilsley, claiming that "there is a widening measure of public interest in the economic situation which we are now facing and that opinion is by no means at all on the side of the continuance of price ceilings, wage ceilings and government controls of industry." [25] Furthermore, Burton objected to government dollars being spent to promote a programme that he believed to be completely counter to the best interests of the nation. Partly as a result of Burton's pressure and the comments of others, the Board reviewed its advertising policies in late 1945 and after consultation between Gordon and Ilsley, dropped much of the public relations campaign in support of controls. The Board would adopt a much lower profile throughout the remainder of decontrol and reconversion.

At the same time, Ilsley caustically responded to Burton, noting that "your point of view is an admirable one, and I am much interested in it because it is the first objection that we have received from the public to the expenditure of government money for such purposes." 26. Challenging Burton's conclusion, Ilsley replied that "for the time being it would appear to be that the subject can hardly be said to be a controversial one, as the whole public accepts the importance of avoiding serious inflation and, generally speaking, the necessity of the specific steps that have been taken."

Whether the response chastened Burton or not, orders soon went to the Simpson's store in Toronto to maintain strict adherence to the ceilings and other Board orders. The directive stated that:

> 1. Wherever possible we should continue to sell goods that are freed from price control at no higher price than the basic period ceiling prices;
> 2. No merchandise should be increased in price at retail unless the mark-up obtained on new purchases is considerably less than the average mark-up on similar goods during the year 1941;
> 3. In no case where it is found necessary to increase the retail price because of an abnormally low mark-up, must the mark-up be greater than the regular mark-up obtained on similar goods during the year 1941. 27.

The memo also called for close watch on competitors' prices in the immediate post-control period for "it is our firm belief that present ceilings are maintaining prices in some cases at higher levels than will prevail after the ceilings are removed." Obviously no generalizations can be made from this comment but it seems at least some knowledgable industry representatives believed price controls helped rather than hindered those in retail trades.

Debate in the House of Commons in late 1945 on the continuation of controls reflected public interest in the subject. Defending the need to introduce emergency legislation to replace the War Measures Act, Justice Minister Louis St. Laurent alluded to the rapid price escalation reflected in cost of living index increases, and accompanying shortages in housing, food, clothing and other goods that would follow the premature elimination of controls. St. Laurent also relied on the most familiar and most potent argument in the government's favour. He compared conditions with those after the First World War, noting that "the cost of living in November 1918 showed an increase of 54 per cent above that of 1914, and in July 1920 it showed an increase of 92 per cent above 1914. The wholesale price index in November 1918 showed an increase of 100 per cent above 1914 and in May 1920 showed an increase of 155 per cent above 1914. It will be seen that the economic consequences of the disturbance brought about by war conditions were more serious following the cessation of hostilities than they were during the period of hostilities."[28.] He then predicted that a more violent repetition of events could be on the horizon as much greater purchasing power had been restrained than in 1918 and the shortages of housing and some essential supplies appeared to be more serious and widespread than at the conclusion of the First World War. To prevent a similar crisis the government needed interim special powers. With a majority in the House of Commons, the Liberals could pass the legislation but Canadians had to be convinced of the necessity of these emergency powers. As well discussion could increase support for the WPTB's position. Although some people wanted to retain key controls the Board proposed a method for the orderly decontrol of prices. Controls would be ended if any goods met one of three criteria:

> 1. Items respecting which the trouble of maintaining price control does not appear worthwhile.
> 2. Items which do not weigh heavily in the cost of living or in business costs.
> 3. Items of which the supply position is sufficiently adequate to indicate that prices would not sharply increase if control were removed. 29.

Under such a plan the Board could eliminate many controls that served little purpose beyond producing administrative headaches. To support the proposal, the Board assembled a specific list of goods and services falling under each criterion and confirmed that there would be no impact on the cost of living index by removing ceilings on these items. The plan then went to the Minister of Finance for approval.

As always the Financial Post had an inside line on the news, reporting two days after the WPTB approved the programme that new price and wage control policies would appear before February 1, 1946. The paper also confidently predicted that "any changes in the price ceiling policy will most certainly not be of the 'horrible example' type. The Government has no intention of lifting price controls from individual items merely to prove to Canadians the horrors of inflationary price rises. (It is noted that there are plenty of such examples across the border if

Canadians want any convincing along this line.)" 30.

As 1946 began considerable progress had been made. The events to the end of 1945 laid the groundwork for the rapid abandonment of ceilings that would come early in the new year. By this point, the War Measures Act had been replaced by the National Emergency Powers Transition Act. It took effect on January 1, 1946 and in broad terms allowed the Governor-in-Council to continue orders-in-council passed under the War Measures Act. The NEPTA also gave the federal government authority to ease "the readjustment of industry and commerce to the requirements of the community in time of peace and maintaining, controlling and regulating supplies and services, prices, transportation, use andoccupation of property, rentals, employment, salaries and wages to ensure economic stability and an orderly transition to conditions of peace." 31.

The WPTB Chairman told the first meeting of his officials in 1946 that the government planned to outline to Canadians the future direction of price control by January 31. 32. A meeting of senior officials of the WPTB, the Finance Department and the Bank of Canada produced a new general policy to suit the changed economic conditions since the end of the war. Gordon told Ilsley that in future "the Board can no longer discriminate between 'essential' and 'non-essential' production in considering applications for price adjustments. In general this will mean that, while the principle of overall financial need will continue to be applied by the Board as the basis for price adjustments, the Board must attempt to strike a balance between its efforts to keep prices down and the necessity of permitting sufficient incentive to the expansion of production and the attainment of a high level of employment."[33]. Gordon now wanted greater flexibility in price control as he claimed post-war conditions made it difficult to make decisions on the needs of individual companies for relief from price controls through financial adjustments. Unless the Board could find some way of estimating future costs and sales volumes accurately it could not decide when to ease conditions for companies.

Gordon outlined the effects of this new policy on each sector of the economy still under controls. Import subsidies would continue only for basic foods, fuel and clothing while most domestic subsidies would also end unless abandonment produced a major jump in the cost of living index. Only milk, butter, wheat, cotton, textiles and some farm supplies would continue to receive government support. The Chairman also recommended that the future direction of wage and salary controls be outlined to Canadians before the Board made any further announcements about ceiling adjustments. Providing the government made such a statement by applying the three criteria, the Board stood ready to remove price controls governing cosmetics, drugs and pharmaceuticals, jewellery and all tobacco products as soon as possible. Gordon supported the choice of these goods with practical arguments. Releasing these controls would ease the staff problems the Board faced and would also provide some useful working experience with decontrol. As well Gordon believed the cost of living index would not be affected by the elimination of controls on these items. However, as Gordon said, even if the WPTB did err "we do not believe the stabilization programme will be seriously endangered. In any event some risks must be taken in the interest of making a beginning and also in view of our declining ability to meet the problems of administration."[34] Reality squeezed the WPTB from both sides. The demands of retailers, distributors and manufacturers for the easing or elimination of ceilings on the one side and the growing difficulty of retaining administrators for the programme on the other, forced the Board's hand. Although no evidence suggests that given an alternative the Board would not have launched price decontrol in this manner, administrative difficulties weighed heavily in the Chairman's mind. It would be useless to have the remaining essential controls administered by neophyte officials who possessed minimal knowledge or understanding of the delicate role they played in the nation's economy. The Board relied on its skillful administrative abilities to maintain business support. Poor administrative decisions at this point would only increase business and public pressure to remove controls completely.

Pressure already came from some circles. Professor J.L. McDougall from Queen's University received considerable publicity for suggesting that without immediate price increases to stimulate the flow of goods onto consumer markets, black and grey markets would break out all over Canada. As reports noted, "Professor McDougall declared that the Government by its prices policy, was refusing Canadians the right to purchase goods for which they were 'more than willing to pay prices based on current costs'." 35.

The Financial Post joined in applying pressure and implying that price ceilings produced bottlenecks in the flow of consumer goods to retailers. The Post raised specific complaints. Current ceiling levels allowed companies to profit on the sale of some items while producing other goods at a loss. Not surprisingly manufacturers produced only enough of these latter goods to keep them barely rolling off production lines. The paper believed that the elimination of price restrictions would allow manufacturers to produce more of these items. That in turn would increase their availability. Other companies argued that newly established firms could present 1946 cost estimates to the government and thereby obtain higher ceilings than manufacturers operating under restrictive 1941 ceilings. Additionally, they charged, new manufacturers obtained ceiling prices based on actual costs while the Board made price adjustments on the products of existing manufacturers by examining their overall profit/loss statement. Such an analysis, they argued ignored the fact that some items could be produced at a loss, leading to quality deterioration as manufacturers pared costs to keep within inflexible Board ceilings. The Post concluded that "nearly all manufacturers interviewed ... called for either immediate removal or complete overhaul of price control regulations to remove inequities in the ceiling structure. Most believed the ceiling could be removed on durable goods immediately without any adverse effect. Competition would ensure against any marked increase in consumer prices, they maintained." 36.

In fact the paper's complaints came only days before the government announced new rules to govern price ceilings. A statement from the Prime Minister accompanied the press release on January 31, 1946 announcing the Minister of Finance's decision to end the controls on products as recommended earlier by Gordon. In the release Ilsley stressed that this initial move should not be taken as a sign that widespread price increases would now be permitted by the government. To emphasize this point the release noted that Donald Gordon had written "to several hundred representative manufacturers, wholesalers and retailers handling the goods in question, emphasizing that the dangers of inflation were not past and the importance of orderly decontrol and requesting their co-operation." 37.

King stressed the same points in reviewing the history of government decontrol activities since 1943. He informed Canadians that controls would definitely not be abandoned at this point but controls required modifications to keep pace with changes in the post-war situation. He took pains to reassure any jittery members of the business community that the "stabilization controls which are still retained are, apart from fiscal measures, of an emergency character designed to deal with emergency conditions arising from the war. They are in no sense a

5

permanent feature of the Dominion Government's activities. Nor is there any need for their indefinite continuance. ... This explains why the Government requested from Parliament the extension of its war emergency powers for the limited period of approximately one year. The emphasis is on the removal of emergency controls and on continuous examination of the need for those which are retained." [38] King also mentioned the government's desire to end subsidies and ease wage controls. In fact wages could now be adjusted based on plant-to-plant comparisons rather than the more rigid elimination of gross inequities as the only grounds for relief. Free collective bargaining over most items other than basic wage rates could now take place. With wages, as in other aspects of the remaining stabilization effort, King tried to demonstrate the reasonableness of his policies in making legitimate and needed changes to ease the impact of controls on individual Canadians now that the war had ended.

In a secret Board bulletin on January 26, 1946 Gordon had informed Board officials of the impending government moves based on the criteria originally proposed in December for determining the products to be eliminated from ceilings. He told his staff that "this is the first major step that the Board has taken towards decontrol in the price field. I am convinced that it will be at least as difficult to remove control in an orderly fashion as it was to impose it in the first place." [39.]

The January 31 announcement detailed two shifts in decontrol policies. In future the government said "1) that the WPTB is now prepared to consider price adjustment on particular products 'even when the individual or firm cannot demonstrate that its overall financial position is such as to warrant price relief', 2) that wage, salary and price policy through 1946 is going to follow the pattern of 'gradual and moderate increase' rather than stay at present levels until such time as controls are entirely removed." [40.] These moves flowed logically from steps taken to that time. There would be no thought of a quick elimination of the remaining controls after the time and expense that had gone into convincing Canadians that changes would come slowly. In response to the lifting of controls on approximately 300 consumer goods and services the Financial Post reported the comforting news that "businessmen interviewed ... declared themselves determined to use every possible means of preventing price increases to consumers, even though this may involve a temporary cut in profits." [41.]

-10

The first few weeks after the announcement confirmed that the WPTB had chosen wisely in the controls it ended. E.J. Spence of the Prices Division reported to Douglas Gibson that "my general impression is that there is no clear-cut movement of prices of exempt goods certainly of any magnitude and, in fact, goods not removed from ceiling control seem to have varied ... very nearly as much as goods actually suspended from the ceiling." 42.

The Board received this study in March and then announced the pending suspension of further goods and services from ceilings including railway passenger fares and all purchases of heavy capital equipment. 43. Shortly thereafter a bulletin to all officials requested suggestions of other items falling within one of the three criteria where controls could be safely eliminated. Deputy Chairman Wallace McCutcheon informed the WPTB staff that "one of our primary purposes is to relieve you of the necessity of fixing maximum prices on a wide variety of insignificant items which currently constitute a substantial administrative burden at a time when, in terms of personnel, we can ill afford it." 44. The need to eliminate controls in response to business pressure and the ever shrinking pool of available administrative talent to manage the remaining controls again served as the stimulus that produced Board action. As E.J. Spence commented, "by and large, action which was taken was based upon an analysis of the underlying economic conditions, but it is undoubtedly true that decisions as to timing were frequently influenced by the practical necessity of tailoring the scope of the job to the tools available for accomplishing it." 45.

By the spring of 1946 the pace of decontrol had quickened appreciably. Following the elimination of further ceilings on March 16, the Board planned to make another suspension announcement in mid-April based on replies to its request for staff suggestions. 46. WPTB officials felt confident in acting as surveys continued to show few changes in price levels beyond minor fluctuations as a result of the ending of ceilings. 47.

Late in March the Financial Post predicted that the Board would soon retreat from the remaining price ceilings. To start the ball rolling steel prices would rise, passed on to consumers through a subsequent increase in consumer durable goods prices. Farm implement ceilings would be relaxed as well. The WPTB would also eliminate the consumer milk subsidy which would likely produce a one point rise in the cost of living index. Finally, rent control and installment buying restrictions would remain in force. The logic behind such a programme was simple.

A change in the price of a basic raw material like steel would generate moderate price increases, the effects of which could be spread across the whole spectrum of industry. This could then produce a gradual end to ceilings over many other goods as it remained Gordon's conviction that "the great task is to regulate the situation so that orderly adjustments will take place and also to ensure that each such adjustment does not become the signal for a series of other increases -- in other words, our efforts must be to neutralize as much as possible the self-engendering effect of any price advance upon other costs." 48.

To carry out such a programme price adjustments must precede changes in wage rates. Gordon outlined his philosophy on the wage-price relationship to the Secretary-Treasurer of the Canadian Congress of Labour, noting that "if negotiations between parties are carried on with a clear-sighted appreciation of the consequences of steadily-increasing costs, there will be some hope that this country can emerge from its wartime dislocations and disruptions on a basis where a higher average standard of living sustained and supported by a high level of employment will be found practicable. But if constant pressures by all interests for higher and higher money rewards continue then I can see little ahead but a serious impairment of all that has been fought for on behalf of the great bulk of the citizens of this country through the administrations of a wartime stabilization programme." 49. Such comments revealed an interesting perspective. Almost without exception when the Chairman received complaints of hardships caused manufacturers by the Board he replied with adjustments to the regulations or some other form of juggling to provide relief. The same could not be said for demands from labour for similar relief. To these requests Gordon replied in effect 'restrain your demands and moderate your actions for the greater good of the nation'. As had occurred throughout much of the war the Chairman applied a different standard to business and industry than to labour and its demands.

On the broader front the Board continued the elimination of ceilings in April and planned the final phase of decontrol. One possible course of action involved the regular removal of ceilings on goods as soon as sufficient supplies existed. However, E.J. Spence of the Prices Division had a simpler idea that was accepted. He proposed "that an order should be issued which will list specifically all products and services still under price regulation; any product or service not so listed is to be regarded as suspended from maximum prices." 50.

Two lists needed to be assembled to start the new system on July 1, 1946. One would outline the goods and services that should remain under ceilings. The other suggested goods that could be removed from ceilings in three months time. To prepare the lists Spence asked Administrators and Co-ordinators to estimate the effect of the elimination of ceilings on the price of each good and service three months down the road. The Board excluded food items from this new programme as price fluctuations here would have a major impact on the cost of living index. In fact food costs and continued shortages in food supplies accounted for almost the whole increase in the index in early 1946. As a result of continuing shortages in some lines of textiles, durable goods, housing and construction materials these goods remained under controls.[51]

The Minister of Finance introduced the new programme to the House of Commons on July 5, 1946. It comprised one segment of a four part announcement on post-war economic policy. As Ilsley tabled the list of goods that would remain under ceilings he detailed the new operation of the price control system. For domestic products the "principles of price control remain the same as heretofore, that is maximum prices are based on prices in effect in October 1941, in specific price ceilings or in regulated prices named in orders of the Prices Board, and price increases are in general authorized by the Board only where overall financial need is proved."[52] Imports still under controls would be priced based on the landed costs of the importer plus a prescribed mark-up at a level slightly below that allowed distributors of similar domestic products. In addition, the government told Canadians that the dollar would be returned to par with the American dollar and that subsidies would continue on specific goods to prevent undue cost of living index increases.

Board Secretary K.W. Taylor later commented that "this major change in the form of price control took almost thousands of items out from under the ceiling but it was also impressively clear from the twenty closely printed pages of things remaining under controls that they included almost everything of any importance to the average consumer and the average 'own-account' producer."[53] The Board used the now familiar tests of whether ending controls would improve supplies and whether it would cost more to enforce controls than would be saved by ending them on each product in question. Frills and semi-luxuries also lost the benefit of controls. As time passed, Taylor noted that "in each case the criteria were more broadly and leniently interpreted."

The government had now officially declared that controls would end but some in the community did not like this decision. A flood of correspondence to Ilsley supporting continued price controls followed his announcement. Some letters criticized the government, claiming Prime Minister Mackenzie King had backed away from a 1945 election campaign promise to ensure that inflated prices did not become the rule in Canada. Others opposed any programmes that increased the cost of living. They wanted permanent controls as an alternative. Such reactions suggested that Canadians had concluded that a relationship existed between price control and a stable cost of living index. Letters supporting the continuation of controls vastly outnumbered those written to thank the government for ending the programme.

The July announcement signalled the coming end to price control. Although some hoped the price freeze would continue, senior officials had never planned to maintain controls beyond the immediate emergency. Taylor outlined the programme the WPTB had planned to follow in 1946, noting that "when the July 1946 order was issued it had been expected to follow up with a further major installment of price decontrol in October but the long series of protracted industrial disputes that summer caused a sufficient setback to improvements in supply to necessitate considerable postponement and no further price decontrol orders were issued in 1946." 55.

Even so, by the middle of 1946 the overwhelming majority of goods were no longer covered by controls. However, controls that remained would stay as long as necessary. The Canadian government would not be railroaded into ending controls by U.S. events where the remaining price, rent and rationing controls expired on July 2, 1946. As Mackenzie King told Canadians "although we shall necessarily take account of international and external conditions as they develop, it is the intention of the government to continue in the field of price control to pursue an independent Canadian line of policy and practice." 56.

While some Canadians favoured the continuation of controls it remained the clear policy of the Board to eliminate those that remained as soon as practicable. As the great majority of individuals recruited to administer the price control system for the WPTB came from the ranks of private enterprise, it would have been a major surprise had they adopted any other position. The senior bureaucracy wanted to retain the economic stabilization programme until consumer goods production reached the point where there would be no danger of shortages. Under no circumstances could the government have contemplated a total and immediate decontrol. Too many dislocations and shortages existed in the economy to permit everyone to battle it out without some initial control and direction and most businessmen realized this. In charting a slow, steady course for decontrol the Board could step up the pace of reconversion if its initial moves received popular support without heightening existing inflationary pressures. The military reverses of the mid-winter of 1944 set back the start of decontrol but by the spring of 1945 the push had resumed, stronger than ever.

When decontrol did begin, the WPTB soon wilted under pressure from the business community. The promise to adhere to 1941 base period levels for consumer durable goods lasted two weeks and the planned decontrol of prices as supply levels increased also experienced modifications. As a result, wartime industry had an opportunity to re-establish itself without facing extensive competition. Then controls could be eased without the fear of producing a depression. More than anything else, this was the objective of the WPTB staff. Few if any had a desire to begin the full-time administration of a price and wage control system. The sooner it could all be dismantled, the better things would be.

However, Gordon did not actively participate in many of the individual commodity reconversion decisions. He preferred to accept the advice of individual Administrators on specific situations. That in itself helped ensure the economy would operate as in pre-war times, for the overwhelming majority of commodity administrators came from firms within the commodity field they controlled. Although no evidence exists to suggest that administrators deliberately tried to juggle decontrol to help their own companies and hinder their competitors, it would not be unreasonable to assume that the administrators worked to ensure that the industries under their direction would be in strong competitive positions in the post-war. Such actions could have left little or no room for new industries to enter specific commodity fields. In fact the Board deliberately attempted to restrict new entries into business through lifting restrictions on the establishment of new businesses without providing potential new companies with raw materials allocations. By acting in this fashion, the Board merely returned a favour. It had received the support of existing firms during the war and now it thanked them by making conditions ideal for their return to peacetime production without the threat of competition from new sources until they had become re-established.

With the steady expansion of the list of goods exempt from price controls in the first few months of 1946 followed in July by specific delineation of the goods and services to remain under controls, the Board took the last step towards returning the country and its economy to its pre-war operating condition. The nation survived the war with its economy intact and on a stronger footing.

At the same time the wartime experience cemented the alliance between the federal bureaucracy and the national Liberal party that has together governed Canada almost uninterrupted since the end of the war. The pressures of war gave the civil servants the opportunity to demonstrate their abilities to their political masters and their efforts were rewarded by a long term alliance with the politicians in control in Ottawa. In many ways the efforts of the small group of senior bureaucrats, largely from Queen's University and clustered around Deputy Finance Minister W.C. Clark, became the model upon which the post-war growth of the bureaucracy was built. Decontrol and reconversion planning and implementation merely demonstrated the recognized ability and skill of these officials in combining economic with political advice. Their success in this first venture would lead the politicians to rely on them more and more frequently in the future.

Chapter Eleven

The Last Months

Although in the last half of 1946 most controls had lapsed, the tasks of the WPTB had not ended. Some regulations remained to be administered and the government expected the Board to perform at the same level of efficiency that had characterized its efforts at the peak of the wartime emergency. Even so, the remaining price and ration controls did not require the level of supervision that had earlier been necessary. As a result, the Board continued to wind down its activities throughout the remainder of 1946.

Many WPTB officials left to resume careers in the private sector, frequently with companies in the industry they had earlier regulated. Other staffers who came to the Board directly from university decided to make the public service their careers. With an expanded role in the post-war economy the civil service could make good use of young men and women fresh from an education on the front lines of the price control battleground. Finally some Board officials stayed on through the contraction of WPTB powers as they had to ensure control efforts would remain effective until they were no longer needed.

The departure or reassignment of many of his officials once again started thoughts of leaving in the mind of Chairman Donald Gordon. On several occasions during the war he ~~had~~ tendered his resignation, indicating his interest in returning to his pre-war position as Deputy Governor of the Bank of Canada. Each time he tried to resign the government responded by indicating that the price control system would collapse if he left. For Canadians, Gordon was the personification of price control. Such a position had the advantage of making the Board well known among the public but at the same time it meant that Gordon could not consider departing the scene lest the public conclude that such a move signalled his loss of faith in the ability of the WPTB to perform the tasks assigned to it.

By the last half of 1946 all such arguments against Gordon leaving the WPTB had long since gone by the boards. Where would he go? Gordon had become a national celebrity during the war and he could not return to the relative anonymity of a faceless administrator with the

Bank of Canada for long, even though that's what he wanted. His perceived success with price control made hime a valuable commodity for a government on the lookout for skillful and respected senior civil servants.

Gordon's competence and accomplishments were recognized beyond Canadian borders as well. In December 1946 Under Secretary of State for External Affairs Lester Pearson received a telegram from the Canadian High Commissioner in London indicating that Britain wanted Gordon to stand for president of the International Bank for Reconstruction and Development as "they feel that the ground lost (by the Bank) can be regained, but only if a really first class man is found to replace Meyer; and they hope very much that Gordon would be available and willing to tackle the job." [1] In an accompanying memo to the Prime Minister, Pearson noted that although both Britain and the United States favoured Graham Towers as the first choice for bank president, both agreed that Gordon would be an eminent second choice. However, it did not come to pass.

As Gordon considered his departure from the WPTB his political master changed. The long and fruitful relationship between Gordon and Finance Minister J.L. Ilsley came to an end in December 1946. The two had worked together masterfully with Gordon keeping Ilsley aware of changing developments at the WPTB and Ilsley always ready to defend the Board's activities and its Chairman both in Cabinet and in front of the Canadian people. Ilsley described their relationship at the WPTB's farewell dinner for Donald Gordon in May 1947. He recalled that Gordon's "original release by the Bank of Canada was for six months only. The six months became a year, then two then three, then five years and more. He went through this ordeal without the slightest benefit or advantage to himself. He could have stayed in the Bank, where there was abundance of useful work, and bypassed all the grief and headaches of price control. The fact that he did not, the fact that he was able to surround himself with persons who themselves took on trouble gladly without getting paid for taking it on, reflects credit - I almost said glory - on Canada." [2.] However the activities and all-encompassing task of directing the Canadian wartime economy had taken its toll on Ilsley. Despite several near physical collapses during the war, he stuck it out until the nation had moved well down the road to decontrol and reconstruction. Ilsley's efforts on many occasions saved Gordon and the WPTB from harsh criticism. By the end of 1946 the Minister of Finance truly deserved a shift to a less onerous position.

In a Cabinet shuffle he became Minister of Justice and his former Parliamentary Secretary Douglas Abbott assumed the Finance portfolio. With one half of the wartime team gone, the other would follow quickly. Any concern that Gordon might have had about leaving the scene with his job still incomplete was lessened by the actions taken within the first few weeks of Abbott taking over the Ministry.

In an announcement on January 10, 1947, taking effect three days later, Abbott eliminated half of the remaining items from price controls. E.J. Spence subsequently commented that "the main point in Mr. Abbott's announcement ... was his reference to the fact that to some extent the government had decided to decontrol in the face of anticipated price increases, sometimes reasonably substantial, on what must be regarded as quite important consumer items." 3. Controls would end for one of three reasons: if the administrative load had become too large in maintaining the controls; if the price increase that would likely occur if controls ended would be approximate to that the Board might have granted anyway; or if it became necessary to adjust the price level of certain goods to more closely parallel existing Canadian and foreign costs and price levels. At the same time the Board ended all remaining subsidies to allow prices to settle at reasonable and realistic levels under the circumstances and to balance supply and demand by eliminating the main factor that had produced excessive demand for certain products.

This step provided further evidence that Donald Gordon would not be with the Board much longer. A man with Gordon's intelligence and enthusiasm for work would not be happy for long leading an agency with nothing left to do. Under such circumstances rumours circulated in the daily press in January 1947 that Gordon would soon return to the Bank of Canada. Indicative of the coming shutdown of the wartime economic administration, at the same time C.D. Howe told Ma[illegible]kenzie King that he believed his activities as Minister of Reconstruction could be wrapped up by the spring of 1947. However King dissuaded him from any immediate closure of the Department's activities.

In part the Prime Minister's response reflected continuing reports received by the government about public concern over the possibility of steep price increases as controls ended. Rentals topped the list of controls Canadians wanted retained; closely followed by food items still un[illegible] regulation. As a March 1947 report stated, "many people are becoming disgusted with Board explanations of price increases and there are many who are losing their confidence in the Board's ability to hold prices." 4. Although Canadians favoured continued price controls they wanted an end to rationing. Most believed meat rationing had become unnecessary and therefore greeted its cancellation with relief. The easing of the sugar ration also reduced complaints on that front.

Finally an end came to Donald Gordon's relationship with the Wartime Prices and Trade Board. King told the House of Commons on March 19, 1947 that Gordon would be returning to his position as Deputy Governor of the Bank of Canada on April 15, to be replaced at the WPTB by Board Secretary K.W. Taylor. It would be Taylor's responsibility throughout the rest of 1947 to end controls that still remained. The WPTB, a shadow of its former self, now had merely to mop up the odds and ends of the years of economic regulation.

However, Gordon's departure brought the Board's regulation of the Canadian economy to an end. No matter what the ultimate view of the success of the Board's activities in restricting the development of wartime inflation there can be no questioning of Gordon's committment to the Board, its personnel and the tasks assigned to him.

Gordon's actions as Chairman left a lasting impression on Board employees. Similarly for the average Canadian the WPTB remained one aspect of the Second World War that each would long remember. In talking about the Wartime Prices and Trade Board at Gordon's farewell dinner, J.L. Ilsley said that "it buttressed our confidence in Canadians, our devotion to Canada. It strengthened our faith in our democratic form of government. It showed us that when the nation is in trouble there are men with the courage and capacity to solve its problems and meet its difficulties. It proved that our form of government is equal to an emergency. It proved that democracy can really be made to work in a crisis. For this strengthening of my faith in our institutions and in my fellow Canadians I wish to express my gratitude to Donald Gordon." 5. Gordon led the way and provided the direction and inspiration, but without the dedicated work of thousands of paid and unpaid Board workers the Canadian economy would not have come through the war in a strong position and Canada would not have contributed as much as it did to the Allied war effort.

Chapter Twelve

Preserving the Status Quo

By 1947 the Wartime Prices and Trade Board had outlived its usefulness. Donald Gordon's departure merely brought the activities of the Board to a logical conclusion. The agency had been a large part of the lives of most Canadians throughout the preceding eight years but by 1947 the WPTB exerted a minimal influence on their daily activities. From a high point of almost total control, the Board now maintained regulations only over a few items in very short supply. For the first time since late 1941 the average citizen could carry out his normal routine without regularly running into WPTB controls, regulations and constraints. In itself that freedom must have come as a relief to consumers, retailers, distributors and manufacturers, but just how much hardship did the regulations of the WPTB really cause, and how successful were price controls in restraining inflation?

In the conclusions of his post-war study of the Board, E.J. Spence suggested that the WPTB chose not to use the great powers granted to it by the government. He argues that Gordon and those around him realized that if their powers had been exercised to the fullest extent Canadians would have completely rejected the price control programme. A breakdown of both the economy and the country's ability to supply munitions to the Allied forces would almost certainly have ensued. In his experiences as an employee of the Board, Spence found "a sense of trusteeship among those to whom the power was delegated. Many of these powers were used only occasionally, if at all, and then only after careful examination of all the circumstances and if the attitude of the person to whom they were directed seemed to justify strong measures. However the existence of such broad powers did make it possible for a wide variety of officials to act generally with good judgement to meet circumstances quickly." 1.

Did the Board really need such sweeping powers or had the government merely created a paper tiger that under Gordon's leadership could roar about public compliance with its dictates but would not act with much force to punish violators? This latter view seems to reflect reality. Senior Board officials had no real desire to punish severely their former colleagues in the private sector. As long as the violations did not reach outlandish proportions and news of the violations could be kept from the general public so they would not be induced to turn the flaunting of Board regulations into a mass movement, the Board seemed always willing to relax or adjust its rules to assist businesses having trouble complying with regulations. Former leading members of the business community now in the temporary employment of the government and the WPTB had no desire to show the public that their fellow businessmen were criminals or were unpatriotic to the nation's war effort. As well, despite the need to comply with Board regulations and orders, the administrators did not wish to drive their friends out of business. The whole reason for business involvement with the WPTB had been to ensure that the business community's interests would be represented in government so that business could emerge from the war in a stronger position than before the war. Business did not want to be destroyed by the conflict.

However, even had Board officials wished to rule with an iron hand, they could not have done it. The WPTB did not have the manpower to enforce its orders and investigate all reported violators. Obviously a balance existed between the benefits obtained from controls and the costs involved in enforcing the controls. However at no point in the Board's life did it even come close to crossing that threshold where its enforcement expenditures reached such a level. Legitimate reasons for such a situation existed. Had the WPTB hired massive squads of investigators, business antagonism to the whole programme would likely have increased. At the same time the large expenses associated with such a major enforcement and investigative network would have been a target for attacks by opponents of the WPTB inside and outside of the House of Commons.

Examining WPTB price control and rationing activities leads inescapably to the conclusion that as long as mass public hardship would not result the Board bent its rules to a considerable extent. If an industry could not live with the rules the Board would modify the regulations or assist the industry through subsidies. Spence admits as much in stating that price control worked only for a limited period of time. He has noted that "as the duration of ceilings was extended ... the problem of administering such controls was increasing and ... the wartime techniques could not be expected to work indefinitely. The basic period price relationships, which were somewhat inconsistent at the time, became more and more out of line as costs changed, as sources of supply varied and as businessmen changed their scope and field of operations. The way in which flexibility was introduced into wartime administration ofthe ceilings would not meet the increasing need for broad re-arrangement of price relationships." [2] For business, control had been a success. Spence concludes that "it appears that no hardship in terms of profits or financial position occurred with respect to the vast majority of firms operating in Canada under price control. In fact, the picture is one of generally expanding net profits, at least before taxes and of a healthy and improved financial position." [3]

The conclusions reached by Tom Traves in his study of bureaucratic control of the economy in the reconversion period following the end of the First World War appear just as relevant in examining the experience from 1939 to 1946. By modelling the state's activities on the operations of corporate capitalism, the government in fact made it easier for existing institutions to operate and profit during a period of major economic mobilization and dislocation.

On few if any occasions did the Board use to the full extent its dictatorial powers either to direct the economy or to discipline those who ignored the WPTB's regulations. Even when investigators brought evidence of violations to the attention of senior staff, prosecutions rarely followed. Gasoline rationing provides perhaps the best example of controls that were widely ignored. On a few occasions police officials rounded up black market participants but generally most individuals could violate the regulations without fear of reprisals.

Rather than refraining from action as Spence has suggested, Board officials could not have acted. Little evidence exists however to support a conclusion that the Board wished to administer anything more than token punishments. Only small firms and those individuals and companies that wished to enter new business endeavours or product fields suffered under the Board's regulations. In such cases the WPTB made no attempt to conceal the discriminatory regulations that prevented new entries into business. Even after the Board relaxed its rules governing new businesses it refused to assist such businesses obtain needed raw materials, to begin production. As a result, existing industries entered the reconversion period in a strong position. Their economic status had not suffered and in fact in some cases it had improved as government support and cost-plus contracts allowed companies to expand significantly their capital assets. That gave those who benefitted from government spending a huge boost as they resumed the production of consumer goods. With the existing advantages of on-going sources of raw materials and in some cases existing sales and' distribution networks, firms that had operated during the war had a large head start on everyone else once hostilities ended.

However the impact of the WPTB's controls on the business community is only half the story of the success or failure of the Board's attempts to regulate and limit inflation. The Fraser Institute's model of a society operating under price and related controls might be a good model against which to judge the impact of the WPTB on consumers. If the system was good for business was it also good for the workers that produced the wartime munitions? The Institute has suggested that:

> controls interfere with the right of individuals to receive income. Controls attempt to limit wage income, profit income, divident income and so on. The first response of individuals and firms will be to try to legally evade the controls where possible. In a number of cases this will be possible..... Price controls only fix prices to the quantity of goods. The other dimensions are left free to respond to economic conditions. Quality is one of these dimensions; the imposition of price controls often leads to a deterioration in quality. The imposition of rent controls inevitably causes the landlord to reduce maintenance expenses on rented accommodation. Restaurants can easily alter recipes or reduce the size of their portions. Manufacturers can reduce the quality of their products. 4.

There can be no doubt that all of these evasions and more did occur. Yet it becomes very difficult to quantify the impact of quality deterioration and quantity reductions on Canadians. To what extent, for instance, was quality deterioration exacerbated by rising incomes among workers? The demands for wartime labour forced many women into the workforce providing households in some cases with two incomes instead of one. At the same time overtime tended to increase the take home pay of many workers, and improvements in the financial position of that portion of the labour force were magnified by the decade of unemployment and hard times that the country's economy had just left behind.

Successes achieved by the WPTB in standardization and simplifying the production of those goods that remained available for purchase compounded the difficulties that Canadians faced in determining whether quality deterioration had taken place. Where four or five models of a product had been available previously, now only one remained. With more money to spend than previously, consumers could only buy the cheapest model in the line. Even then, those previously low priced goods had been boosted to the maximum allowable ceiling price.

Although it is difficult to pinpoint, there can be no question that quality deterioration, particularly in clothing lines, did take place. Manufacturers continuously sought to cut corners as often as possible. Similarly the WPTB turned a blind eye to this deterioration. In part the WPTB faced the same problem in enforcing an end to quality deterioration as it found in dealing with controls and rationing. The Board did not have enough personnel to keep pace with the offenses and the offenders. As well, quality deterioration remained one way in which a manufacturer could increase his margins while still sticking within the price ceiling. As long as no public outcry sprang up, the WPTB seemed quite happy to grant relief in this under the table fashion.

However, it also seems clear that the WPTB and the government quickly learned that the illusion was more important than the reality in dealing with consumers. As long as Canadians could be convinced that controls worked, the Board could rely on the general patriotic spirit in the nation to prevent mass violations of the regulations. However if the word circulated that many Canadians did not respect controls and rationing rules and more importantly could get away with ignoring the regulations, it would only lead others to follow the example.

Thus the Board had a difficult line to walk. Any major investigation of controls and their effectiveness would suggest to the public that the system was not working. Rather than rounding up violators, such an enforcement exercise might give more people ideas about new ways to get around the Board's dictates.

Throughout the war the government placed strong reliance on the simple fact that the nation was at war to temper any public rebellion against controls. Donald Gordon dominated this aspect of the WPTB's activities. From the moment he assumed the job of Chairman in October 1941 he became the programme's chief salesman. Speaking to groups across the country and on national radio he outlined the reasons for the programme, detailed any new regulations as they were introduced and kept the country informed of general progress and trends in price control and rationing. A patriotic call for support formed the backbone of all these messages. Canadians had to support controls to support the war effort. Otherwise the country could not do its utmost to help speed victory.

Gordon's authority also ran through all sectors of the Board. He tried to stay on top of all policy issues arising within the WPTB and retained final approval on every new administrative or enforcement programme proposed by his officials. It would be incorrect to suggest that the WPTB was a one man operation as Gordon relied on his senior staff and many volunteers to carry out Board orders. However, the character of the Board and all its staff reflected Gordon's attitudes on the way the WPTB should operate. J.L. Ilsley had his own view of Gordon's activities. He suggested that in "a democracy there are certain principles which have to be, or ought to be, at all times observed. One of these is that the determination of policy must be left to the elected representatives of the people or to the Government which is responsible to them. Another is that public opinion must be respected. A third is that the common or general interest of the people and not special or particular interests must be served. The thought that I should like to leave with you tonight is that Gordon has always observed, respected and applied these principles." 5.

Specific events however challenge this view of Gordon's performance. Although policy determination might nominally be made by politicians, in reality Gordon controlled this process as it affected the WPTB. In the midst of a war politicians did not often, if ever, delve into policy questions presented by the Board. In fact, in a modern state, the bureaucracy, because it works intimately with the detailed issues upon which policy decisions are made, can structure the decision-making process by submitting to its political masters primarily evidence that supports its recommended course of action. If the politicians, as decision-makers, have neither the time nor the inclination to consider the full range of options that might be available on any issue requiring a policy decision, then it is unlikely that a course of action other than that recommended by the civil service will be adopted.

Of course the government, should it overrule its officials' recommendations, risks alienating those civil servants. It might be difficult under such circumstances for politician and civil servant to maintain the sort of close relationship that is needed for effective government. As an example, when the government introduced the price freeze in October 1941 it risked alienating the then Chairman of the WPTB Hector MacKinnon by overruling his objections to the total freeze concept. But on this occasion the politicians had already decided that MacKinnon would have to be replaced anyway.

Once Gordon assumed control he proceeded to present his recommendations for government policy decisions to Ilsley and the Finance Minister rarely if ever disagreed. At the same time Gordon invariably included some comment about what he might do were he to be making the decision. In this fashion the growth of government during the war as it involved the WPTB blurred the lines between bureaucrats and politicians. As Reginald Whitaker has suggested the two really became one, laying the groundwork for the current situation in which politicians and civil servants appear to have an equal hand in the shaping of policy.

Respecting public opinion, as much as Gordon adhered to the views of the public he also created it. His speeches and Board decisions tried to shape public sentiment and build upon trends noted in the early opinion polling conducted during the war. Constantly fearful that the controls programmed would encounter serious difficulties if it lost public support, the Board and the government preferred to act in response to public opinion trends rather than making potentially unpopular decisions. In one sense the experiences of the Board could be viewed as the first experiments in government by public opinion polls. The process would require considerable refinement before reaching contemporary levels of sophistication but the

WPTB had launched the process during the Second World War.

Finally in connection with Ilsley's comment about not serving special interests, it can be said that Gordon and the Board did balance broader public interest with the special interests of the business community. Had the WPTB ever been forced to make a direct choice between one or the other, the decision might have revealed a great deal about the true sentiments of the Board's officials. Fortunately issues were never sufficiently black and white to prevent the use of compromises to preserve the position of business interests while at the same time not directly harming the general interest of the people of Canada. Gordon's ability to walk this tightrope successfully indicated to the federal Cabinet that he possessed the skills to take on other difficult jobs.

In general the soundness of the WPTB's plans for the domestic economy might best be judged by the degree to which the United States introduced a similar type of economic regulation. The United States entered the war just as Canada imposed the general price freeze. Although there can be no argument that the sheer size and complexity of the American economy made the introduction and maintenance of controls in the United States much more difficult than in Canada, U.S. administrators appeared to apply the Canadian model of controls to their economy in much the same fashion as it had been introduced in Canada.

Initially the General Maximum Price Regulations passed in April 1942 regulated the economy. It stated that the maximum price for goods would be the top price obtained by a retailer for the product in question during the month before the regulation took effect. Sound in principle, such a nebulous order proved simple for innovative businessmen and consumers to circumvent. By introducing a slightly different product with a different brand name, style or characteristic a manufacturer guaranteed that the old price would no longer apply. As well, the government did not accompany the order with an extensive publicity campaign to educate consumers and retailers on the reasons for the order and the implications for the nation if Americans did not obey it. As a result widespread violations occurred, resulting as much from ignorance as from deliberate evasion. At this stage although the orders issued by the governments in the two countries appeared similar, the U.S. did not follow the

Canadian example of turning price controllers into national figures through publicity as occurred with Gordon.

The original order also excluded food items but Congress brought food into the programme when it passed the Economic Stabilization Act in October, freezing prices and wages at mid-September 1942 levels.

To bring rising prices under control however it took the writing of the "hold-the-line order" and its proclamation by President Roosevelt in the spring of 1943. Restricting adjustments in prices and wages, the Office of Price Administration followed up during the summer by establishing ceilings for most standard items found in grocery stores and in a move that went beyond the WPTB's actions in Canada, posted price ceiling lists in stores.

This order proved the needed remedy for a sadly disorganized U.S. price control bureaucracy, just as the introduction of a price freeze in Canada had galvanized the WPTB into a major wartime agency. Given a clear statement of government expectations, the regulatory bureaucracies in both countries soon began to function smoothly.

To support the system the OPA established industry committees staffed by businessmen. These committees could provide expert advice and could also work to ensure that their industry did not suffer too harshly at the hands of administrators. Exactly the same development had taken place in Canada where businessmen had played a major role in price control right from the start.

Rationing in the U.S. also followed similar patterns to that established in Canada in part because of the similarity of the two economies and the proximity of the two countries. It would have been very difficult to ration commodities in one country but not the other without strict supervision of the border between the two nations. The two countries even adopted similar rationing techniques using the point system and issuing coupons.

The problem created by legitimate cost of living increases fuelling inflation also plagued price control in the U.S. Again there is a striking similarity in responses in the two countries. U.S. administrators chose an expanded system of subsidies at the consumer level to roll back prices and reduce the cost of living index by 10 per cent. The WPTB had chosen the same solution in December

1942 to avoid paying cost of living wage bonuses that would have only driven the index up further. The U.S. scheme started with meat, coffee and butter but soon expanded to include milk, cheese, sugar and other foodstuffs.

This duplication of administrative methods and solutions to specific problems continued until it came time to begin to decontrol the economy. Then, the United States pursued a radically different course. Rather than ending controls and rationing gradually to allow the economy to adjust to a changed situation, the government eliminated the great bulk of controls on August 15, 1945 as soon as Japan surrendered. Suddenly it became each company for itself. Those with the largest pool of capital resources found it easiest to continue and expand operations. The government in the U.S. took the risk that the short term hardship that would result from the quick elimination of controls would be replaced by market forces that would restructure the economy without government assistance. Americans would have to live with the problems that such a response generated as the government had no intention of intervening in the economy. Such a decision in effect guaranteed that there would be no shift in the balance of power among the various industries within the economy. Those that had expanded during the war would have a dominant position in the post-war simply because of their wartime economic success.

The government in Canada likewise had no intention of using decontrol and reconversion to shift the balance of power within the economy, but the Liberals did make an attempt to temper the full impact of reconversion on individual citizens. Perhaps this decision in part related to the election of 1945 but more likely it simply reflected the different perspectives in the two countries on the role of the state in the economy.

With a history of government involvement in economic matters Canada saw a gradual decontrol as the least disruptive method of returning the nation to a peacetime footing while hopefully avoiding a repeat of the depression that followed the First World War. The U.S. economy, much larger in size, perhaps had the capacity to absorb a sudden reconversion as ~~the~~ United States emerged from the Second World War as the world's dominant economic power. It did not have to worry about the surplus production of goods that could not be absorbed in the domestic economy. With much of Europe and Asia now destitute, the United States could ship surpluses of any commodity to these regions, solving its own domestic problems and extending its economic hegemony over much of the world.

The smallness of the Canadian economy did not allow for such a grandiose role. Having survived the war without fragmenting over conscription, Canada and its government had its focus on domestic affairs without looking beyond its borders. Once the Canadian economy had been placed on a strong footing and depression averted, then Canada could assist the United States in its economic expansion.

To guide the economy through the war so that Canada could assume a supporting role in the post-war world, the administrators of the WPTB had acted throughout the conflict much as had government officials in the First World War. Tom Traves could well have been discussing WPTB officials rather than First World War bureaucrats when he noted that they "were really judges, not administrators. They did not regulate an industry by reorganizing the various factors of production, such as labour, raw materials and capital equipment, which were themselves regulated as to price, supply and distribution within a larger model of the industry and an even larger model of the industry's place in the economy. Rather administration and decision-making were decentralized and regulation consisted of judicial-style decisions on prices and distribution patterns." [6] Yet while Traves has noted that the system, operating in such a fashion broke down following the First World War as the economy overheated and then contracted, a parallel situation did not develop from 1945 to 1947.

With a greater understanding of both the potential for economic disaster during reconversion and of the positive role that government could play in assisting that reconversion, senior bureaucrats took decontrol planning out of the hands of the civil service and day to day administrators of the WPTB. Planning remained in the tight grasp of a select group of civil servants whose activity during the war had blurred the bureaucrat-politician line almost completely.

Men such as W.C. Clark, Donald Gordon, Graham Towers, W.A. Mackintosh and Norman Robertson had assumed control of much of the nation during the war, acting with only the most general of instructions from the Liberal Cabinet. They did not require further detailed orders because within this group, civil servants and politicians thought alike. The ideas of one could almost always be found to be similar to those of the other. In some cases communication became almost unnecessary.

As Traves has pointed out in comparing the Second World War with the reconversion activities of businessmen, politicians and civil servants at the end of the First World War, "along with institutional changes and a different political climate, Lord Keynes' theories provided a powerful ideological impetus and justification for the growth of the state in the peacetime economy." 7. It was this conviction that the government could act in a positive fashion to benefit both the average Canadian and the nation's business community that guided the Wartime Prices and Trade Board throughout its life. When it finally surrendered most of its powers over the economy in 1947, it left behind the impression that it had succeeded in controlling inflation in wartime, providing evidence to support the theory of government intervention in economic affairs. It also provided a new, central position for the civil service in both directing the government and the economy in the years ahead. The Wartime Prices and Trade Board played a role in the beginnings of the modern federal bureaucracy and in development of the Canadian economy. With the extensive assistance of seconded businessmen the bureaucracy had demonstrated that it could master the economy. That knowledge would lead the civil service to a greater post-war role in part based on the confidence developed through the Wartime Prices and Trade Board's activities. Prices had risen during the war and inflation had taken its toll on workers. However, Canadians believed the programme had worked, and that had been the point of the exercise. Price control had preserved the economic status quo in Canada through wartime.

FOOTNOTES - Chapter One

1. Benjamin H. Higgins, *Canada's Financial System In War*, (New York, 1944) p.63. This pamphlet was prepared by the Financial Research Program of the National Bureau of Economic Research as Occasional Paper 19 in the series *Our Economy in War*. It discusses Canada's economic efforts in the Great War and the early years of the Second World War.

2. *Ibid*.; p.68

3. Dominion Bureau of Statistics and Department of Trade and Commerce, *Canada Year Book 1939; Official Statistical Annual of the Resources, History, Institutions and Social and Economic Conditions of the Dominion* (Ottawa, 1940) p. 810. This chart is entitled "Monthly Weighted Index Numbers of General Wholesale Prices 1929-1939".

4. *Ibid*.; p.818. "Index Numbers of Retail Prices, Rents and Costs of Services, 1929-1939".

5. A.F.W. Plumptre, "Organizing the Canadian Economy for War", in J.F. Parkinson, *Canadian War Economics* (Toronto, 1941) p.3.

6. Public Archives Canada, W.L. Mackenzie King Papers, J1 v.275; William Morrison to King, September 2, 1939 cc.232900. King's private secretary A.D.P. Heeney replied on the same day that the government had already acted on this matter.

7. Toronto *Globe and Mail*, September 7, 1939.

8. Queen's University Archives, Grant Dexter Papers, Transfer case 28, scrapbook 2. In the scrapbook Dexter has assembled a good collection of press clippings on the early days of the war effort. Included in this is a typewritten copy of P.C.2516 from which this quotation was taken.

9. *Ibid*.

10. King Papers, J4 v.230, f.2226; Hector McKinnon to King, October 10, 1939 C156036. McKinnon reported to the Prime Minister on the activities during the Board's first month.

11. Ibid.; "Wartime Prices and Trade Board: Summary of Activities from September 3, 1939 to December 31, 1939 C156044-62.

12. Ibid.; J1 v.267; Wilfred Gariepy, M.P. Trois Rivières to King, September 26, 1939 C227172.

13. Ibid.; J4 f.2226; McKinnon to King, October 10, 1939 C156036-8.

14. Ibid.; "Wartime Prices and Trade Board: Summary of Activities" C150651. See also C156050 in the same report. The specific details of the order were in P.C. 3776, Canada Gazette, November 25, 1939 p.1678.

15. Ibid.; C156053. Also P.C. 2975 Canada Gazette, October 7, 1939 p.1038-9 established pay scale for the Administrator and named Maurice Samson, a chartered accountant from Quebec City as the Hides and Leather Administrator.

16. Canada Gazette, July 12, 1941 p.149 P.C. 4768, effective July 2, 1941. Also Canada Gazette, July 13, 1940 p.73 P.C. 3028, effective July 8, 1940.

17. King Papers, "Wartime Prices and Trade Board: Summary of Activities" C156052. Also Canada Gazette, October 28, 1939 p.1375, P.C. 3117 effective October 18, 1939.

18. Ibid.; C156057

19. Canada Gazette, August 10, 1940 p.442 Wartime Prices and Trade Board Order 5 effective August 6, 1940. Also Canada Gazette, August 10, 1940, p.415 P.C. 3722 effective August 5, 1940, and King Papers, "Wartime Prices and Trade Board: Summary of Activities" C156054.

20. Financial Post, August 10, 1940.

21. King Papers, "Wartime Prices and Trade Board: Summary of Activities" C156054.

22. Financial Post, November 2, 1940.

23. Canada Year Book 1941 p.725. Detailed chart on the cost of living index. This chart shows that the cost of living for food items rose in 1940 from 104.5 to 109.1 with 3.7 points falling between September and December. The index used the average figures for the period from 1935 to 1939 as the base period.

24. King Papers, J1 v.287; Robert Fair, M.P. to King December 28, 1940. f242969.

25. Ibid.; Thane Campbell to King, December 31, 1940 f.240587-8; Heeney to Campbell, January 3, 1941, f.240589.

26. Dominion Bureau of Statistics and Department of Trade and Commerce, Canada Year Book 1942, Ottawa, 1943 p.729.

27. This chart is a compilation of living cost charts that appeared in the Canada Year Book 1941 p.725 that included the period from January 1939 to April 1941 and the Canada Year Book 1942 p.736 which brought the figures to the end of 1941.

28. A detailed accounting of the rise of rentals as a component in living costs is in the chart on page 20.

29. Queen's University Archives, W.C. Clark Papers, Box 12 f.W-2-3; Clark to McKinnon, April 17, 1940.

30. Ibid.; McKinnon to Clark, April 19, 1940.

31. Ibid.; J.L. Ralston to Norman McLarty, May 17, 1940. Likely Ralston was delayed in responding to McLarty's letter to him of April 23, 1940 (also in this file) by the outbreak of the fighting war in Europe but the possibility does exist that Ralston knew that he held ultimate control over the issue and therefore felt no immediate need to reply. When he did respond he merely repeated Clark's suggestion of the previous month, which had been detailed in a memo from Clark to Ralston on April 29. The Finance Minister refers to this memo in his letter to McLarty.

32. Ibid.; McKinnon to Clark, July 16, 1940.

33. J.L. Granatstein, *Canada's War: The Politics of the Mackenzie King Government* (Toronto, 1975) p.175. The Board ensured this 10 per cent. tax on all non-Empire imports would be paid by the importer and not passed on to consumers through price increases on imported goods.

34. Clark Papers, Box 12 f.W-2-3; McLarty to Clark, July 29, 1940

35. *Ibid.*; "Report of the Economic Advisory Committee on the Control of Rentals" July 26, 1940.

36. Toronto *Globe and Mail*, September 10, 1940.

37. *Canada Gazette*, October 5, 1940, pp.1185-6, P.C. 5003, effective October 5, 1940.

38. *Canada Gazette*, October 5, 1940, Wartime Prices and Trade Board Order 7, effective October 1, 1940. Following the issuance of Order 7 various communities were placed under Board controls. Throughout the autumn of 1940 Rentals Committees were established in the following communities: Ottawa, Trenton, Kingston, Parry Sound, Brandon, Windsor, Vancouver, Barrie, Halifax, Sydney, New Glasgow, Prince Rupert and Calgary.

39. *Financial Post*, April 12, 1941.

40. Granatstein, p.174

41. *Canada Gazette*, September 13, 1941 P.C. 6701, effective August 26, 1941.

42. *Canada Gazette*, January 10, 1942, P.C. 8965, effective November 21, 1941.

43. Plumptre, in Parkinson, *Canadian War Economics*, p.12.

44. Throughout the war W.C. Clark remained the key civil servant in the government's economic planning effort. As Robert Bothwell and William Kilbourn note in *C.D. Howe*, (Toronto 1979) p.140 "When Clark spoke, ministers listened; they knew and valued his ability and his industry as well as his foresight."

45. Clark Papers, Box 12 F.W-2-2; "Preliminary consideration on wartime price control policy" There is no date or indication of an author but references in the text suggest it came from the Department of Finance in late 1939 or early 1940.

46. King Papers, J4 v.377 f.3947 "The Structure and working of the Wartime Prices and Trade Board" C260898-260912. This report appears to have been prepared for the Prime Minister's office in May 1940 while officials considered the possibility of merging the Department of Munitions and Supply and the WPTB.

47. Bothwell and Kilbourn, C.D. Howe, The Department of Munitions and Supply's early days are discussed on pages 128-140 of this book.

48. King Papers, J1 v.291; McKinnon to Ralston, April 4, 1940 ff 246042-4. Again much of this correspondence concerns the formation of the Department of Munitions and Supply and the problems that might be encountered in its relation with the WPTB.

49. Financial Post, May 18, 1940.

50. Clark Papers, Box 3 f. E-3-0; "Further report of the Economic Advisory Committee on wartime organization" May 31, 1940.

51. Public Archives Canada, Privy Council Records, Records of the Cabinet War Committee v.3 Memorandum re meeting of the Cabinet War Committee, May 29, 1940.

52. King Papers, J4 v.356 f.3819; "Economic survey of the first year of the war by the Economic Advisory Committee"C246248-71.

53. Financial Post, October 12, 1940.

54. Ibid.; December 21, 1940.

55. Dexter Papers, Transfer case 20 f.385; Memo to Winnipeg Free Press editors on wartime economic developments, February 17, 1941.

56. Dexter Papers, Transfer case 20 f.385; March 18, 1941 memo on economic conditions and the rise in the cost of living.

57. Financial Post, May 31, 1941.

58. Plumptre, in Parkinson, p.14.

59. Ibid.; The following year the Board again entered the field of export regulations, being given the power to approve permits granted by the Minister of Trade and Commerce to prevent commodities in short supply being exported.

60. Clark Papers, Box 12, f. W-2-2; Memorandum for the Prime Minister from A.D.P. Heeney, June 19, 1941. Also found in King Papers, J4 v.269 f.2692, C184552-3.

61. The role of the Economic Advisory Committee and its importance is outlined in a letter to the High Commissioner for Canada in Australia from Undersecretary of State for External Affairs, N.A. Robertson on May 29, 1943, found in King Papers, J4 v.269, f.2692 C184615-21. The letter deals primarily with post-war planning and stresses the important role played by the EAC in that activity.

62. Dexter Papers, October 9, 1941 memo. Much of the information on the development of the price freeze comes from this highly enlightening memo in which Dexter outlines the development of the concept and its progress through government ranks to ultimate Cabinet approval. This memo is also quoted extensively in Granatstein, Canada's War, p.177.

63. Ibid.; Transfer case 20 f.384; rough draft for column for Winnipeg Free Press, July 5, 1941.

64. Ibid.; Memo July 5, 1941.

65. Financial Post, July 12, 1941.

66. Clark Papers, Box 3 f.E-3-0 v.1; "Report of the Economic Advisory Committee on Wartime Economic Organization", July 30, 1941. Also found in King Papers, J4 v.269 f.2692 C184567-80.

67. Cabinet War Committee Records, v.5 August 13, 1941 minutes.

68. Canada Gazette, September 13, 1941, P.C. 6834, effective August 28, 1941. This order-in-council moved the Board from the Labour to the Finance Department and reissued the operating orders for the Board, consolidating all alterations that had been made since the previous issuance of Board regulations in December 1939.

69. With wholesale prices on the rise in the late summer, it could be anticipated that retail prices would show similar increases.

70. Toronto Globe and Mail, August 18, 1941; Financial Post, August 23, 1941.

71. Financial Post, August 30, 1941.

72. Dexter Papers, October 9, 1941 memo.

73. Joseph Schull, The Great Scot: A Biography of Donald Gordon, (Montreal, 1979) p.52.

74. King Papers, J4 v.410 f3974; "Memorandum on prices and wages policy" There is no date on this memo but the text suggests that it may have been written in September 1941 (no folio numbers).

75. Clark Papers, Box 12 f.W-2-2; "Price policy and the price ceiling". This was a fairly detailed argument for and against the total freeze concept.

76. King Papers, "Memorandum on prices and wages policy".

77. Dexter Papers, October 9, 1941 memo.

78. King Papers, King Diary, October 3, 1941.

79. Dexter Papers, October 9, 1941 memo.

80. Clark Papers, Box 12 f.W-2-2; "Preliminary memorandum upon the organization necessary for controlling retail prices in the event of a price ceiling", October 7, 1941.

81. Dexter Papers, October 9, 1941 memo.

82. Clark Papers, Box 12 f.W-2-2; "Preliminary memorandum upon the organization necessary for controlling wholesale or basic prices in the event of a price ceiling", October 8, 1941. Manufacturers could face floating costs when producers imported raw materials, when wage increases came from the payment of a cost of living bonus, when producers could not obtain supplies and in the marketing of new or custom made articles.

83. *Ibid.*; "Preliminary memorandum upon the organization which should be set up by the Wartime Prices and Trade Board in the event it is called upon to administer a price ceiling policy", October 9, 1941.

84. Schull, p.51.

85. King Papers, King Diary, October 10, 1941. Also Dexter Papers, October 10, 1941 memo.

86. Dexter Papers, October 9, 1941 memo.

87. Schull, p.32.

88. Dexter Papers, October 9, 1941 memo.

89. King Papers, King Diary, October 14, 1941.

90. *Ibid.*; October 15, 1941.

91. *Ibid.*; October 16, 1941.

92. *Financial Post*, October 25, 1941.

93. Toronto *Globe and Mail*, October 20, 1941.

94. King Papers, J1 v.302; Clark to King, October 27, 1941 ff.255825.

95. *Canada Gazette*, November 15, 1941 p.1544-48, P.C. 8528, effective November 1, 1941.

96. *Canada Gazette*, December 6, 1941 p.1940-42, P.C. 8527, effective November 17, 1941.

97. P.C. 8523 mentioned in E.J. Spence, "Wartime Price Control Policy in Canada" Northwestern University unpublished Ph.D. dissertation, Ottawa, 1947, p.23, 27.

98. Reference to King's agricultural policies can be found in a booklet, Price Control in Canada; Booklet No. 1 published by the Wartime Prices and Trade Board in December 1941. King's policy statement originally came in the October 18, 1941 speech that announced the price freeze. Ilsley speech is in the House of Commons Debates, November 6, 1941 p.4151.

99. House of Commons Debates, November 4, 1941 p.4068-9.

100. Toronto Globe and Mail, October 21, 1941.

101. Queen's University Archives, W.A. Mackintosh Papers, Box 9. Miscellaneous re: prices; Mackintosh to J.A. Macdonnell, November 5, 1941. Throughout the first two and a half years of the war these two had a lengthy correspondence on government economic policies. Generally Mackintosh assumed a stance of defending and explaining the government policies in these letters.

102. King Papers, King Diary, November 7, 1941.

103. Dexter Papers, November 10, 1941. In this memo Dexter suggests that the whole future of the Board lay in jeopardy and that the split over the policy to be followed had not been closed. However, he indicates that the Finance Department always believed that the total freeze would be maintained at all costs.

104. House of Commons Debates, November 11, 1941.

105. Gordon Papers, Correspondence 1941-2 Wartime Prices and Trade Board, James Coyne to Gordon, November 17, 1941.

106. Ibid.; Gordon to Graham Towers, November 17, 1941 and Towers to Gordon November 20, 1941.

107. Clark Papers, Box 12 f. W-2-2; C.L. Burton to Mackenzie King, November 18, 1941.

108. Ibid.; Pickersgill's draft reply to Burton, November 21, 1941. The draft was passed to Clark for his comments, criticisms and additions.

109. King Papers, J1 v.302; Clark to Pickersgill to Clark, November 21, 1941 ff.255826-7. Clark mentioned his observations at the conclusion of a letter in which he suggested several changes in the Pickersgill authored reply to Burton's criticism of the price freeze.

110. Public Archives Canada, Wartime Prices and Trade Board Records, RG 64 v.6 "Radio Speech by Donald Gordon, Chairman, Wartime Prices and Trade Board, delivered November 21, 1941".

111. Wartime Prices and Trade Board, Price Control in Canada, Ottawa, 1941 p.14

112. WPTB Records, v.6 "Radio Address by Donald Gordon, Chairman, Wartime Prices and Trade Board November 28, 1941."

113. Gordon Papers, Correspondence 1941-2, WPTB; Gordon to Ilsley, November 29, 1941, December 1, 1941.

114. WPTB Records, v.6; "Radio Speech by Donald Gordon, Chairman Wartime Prices and Trade Board, Ottawa, December 5, 1941, How Goes the battle?"

115. Ibid.; "Radio speech by Donald Gordon, Chairman, Wartime Prices and Trade Board, Ottawa, December 17, 1941, 7:30 p.m.".

116. Financial Post, December 13, 1941.

117. Ibid.; December 20, 1941.

118. The figures in these charts come from two issues of the Canada Year Book. The figures for 1939 and 1940 come from p.462 Canada Year Book 1942 while those for 1941 are from Canada Year Book 1943-4, p.472.

119. Spence p.264.

120. Financial Post, November 29, 1941.

121. K.W. Taylor, "Canadian Wartime Prices Controls 1941-1946" in the Canadian Journal of Economics and Political Science, v. XIII, n. 1, February 1947, p.89.

Footnotes - Chapter Two

1. Queen's University Archives, W.C. Clark Papers, Box 12, file W-2-2, "Preliminary memorandum upon the organization necessary for controlling retail prices in the event of a price ceiling", October 7, 1941; "Preliminary memorandum upon the organization necessary for controlling wholesale or basic prices in the event of a price ceiling", October 8, 1941; and "Preliminary memorandum upon the organization which should be set up by the Wartime Prices and Trade Board in the event it is called upon to administer a price ceiling policy", October 9, 1941.

2. Public Archives Canada, Wartime Prices and Trade Board Records, RG64, volume 3 file 131; "History of field operations"

3. Queen's University Archives, Donald Gordon Papers, Box 6, file 56. Also in WPTB Records v.797, f.101-29-v.1

4. WPTB Records, v.2 f.125 "History of the Board's Washington Office"

5. WPTB Records, v.2 f.127 "History of the Board's London office". A press release announcing the appointment of Langley as the Board's London representative can be found in the WPTB Records, v.415, f. 10-5-1-1 v.1

6. Gordon Papers, Box 10 f.111; Walter Gordon to Donald Gordon, May 18, 1942.

7. Financial Post, June 20, 1942, September 25, 1943.

8. A detailed discussion of the role and effectiveness of the Women's Regional Advisory Committees and the Consumer Branch of the Board is contained in the chapter discussing public perceptions of the Board.

9. Financial Post, September 25, 1943. A detailed organizational chart accompanies this article about the Board's administration.

10. House of Commons Debates, Third Session, 19th Parliament, 1942, v.3 p.2921. The debate following the publication of these figures resulted in considerable comment about the sums of money spent by the government in subsidies. This matter will be discussed in more detail in the following chapter.

11. Gordon Papers, Box 6. f.51; Gordon to Ilsley, April 30, 1942.

12. Ibid., Box 10 f.111; Walter Gordon to Donald Gordon, July 8, 1942. Gordon had returned to the Woods firm from his assignment with Clifford Clark early in 1942. See, W. Gordon, A Political Memoir, ((Toronto, 1977) p.43.

13. Ibid.; David Sim to Gordon, November 6, 1942; Gordon to Sim, November 14, 1942.

14. Ibid.; Sim to Gordon, November 17, 1942.

15. Walter Gordon, A Political Memoir, p.43.

16. Gordon Papers, Box 6, f.54; Gordon to Ilsley, July 24, 1942.

17. Financial Post, October 31, 1942.

18. Gordon Papers, Box 6, f.5[illegible] Gordon to Ilsley, November 16, 1942. The details surrounding the Board's plans for preventing further increases in the cost of living index which would necessitate cost of living bonus payments can be found in the discussion of consumer subsidies in chapter three.

19. Public Archives Canada, W.L.M. King Papers, King Diary, November 17, 1942.

20. Gordon Papers, Box 6 f.59; Gordon to Ilsley, December 7, 1942. Also in WPTB Records v.619 f.19-8 v.1.

21. WPTB Records v.84 f.086; This information comes from one of a series of reports entitled "Consumer Rationing in Canada - weekly reports" sent by the Deputy Administrator of Rationing H.I. Ross to the Administrator L.B. Unwin. The specific reference is from the January 9, 1943 report.

22. Ibid.; V.619 f.19-8; R.T. Black to R.M. Fowler, March 31, 1943.

23. Ibid.; v.3 f.131; "History of field operations".

24. Financial Post, February 20, 1943.

25. House of Commons Debates, March 22, 1943 p.1426

26. Reginald Whittaker, The Government Party, (Toronto, 1977) p.89. Details of the activities of the group that surrounded Clark and Ilsley in the Finance Ministry can also be found in Walter Gordon, A Political Memoir, pp. 32-36.

27. Gordon Papers, Box 16 f.163; Board Bulletin 158, June 29, 1943.

28. Ibid.

29. Ibid.; Box 7 f.64; Gordon to Ilsley, May 31, 1943.

30. Gordon Papers, Box 16 f.163; Board Bulletin 162, July 16, 1943.

31. Public Archives Canada, Department of Finance Records, RG 19, v.3448; Clark to Gordon, June 19, 1943.

32. WPTB Records, v.6 f.143; "Chairman's Special Memorandum on post-war organization", August 2, 1943.

33. Ibid.; J.F. Parkinson to Gordon, October 28, 1943.

34. King Papers, King Diary September 25, 1943.

35. Public Archives Canada, Henry Borden Papers, MG 30 A 86 v.2; Although the specific letter from Borden to C.D. Howe offering his resignation as Chairman of the Wartime Industries Control Board is not included in this collection, a letter from Borden to Howe of November 18, 1943 is included whihh refers to the Minister accepting Borden's resignation on November 13, 1943.

36. Queen's University Archives, Grant Dexter Papers, Transfer case 2 f.25; October 2, 1943 memorandum.

37. Gordon Papers, Box 7, f.71; Gordon to Ilsley, December 10, 1943.

38. WPTB Records, v.8 f.151; Board Minutes January 4, 1944.

39. Gordon Papers, Box 8 f.72; Gordon to Ilsley, January 26, 1944.

40. WPTB Records v.13 f.183; Board executive committee meeting minutes September 27, 1944.

41. Ibid.; Memo from Chairman to administrators and co-ordinators, October 28, 1944.

42. Ibid.; v.38, f.368; Gordon to Ilsley, October 10, 1944.

43. Ibid.; v.13 f.183; Memo from Reorganization Committee minutes from G.E. Shortt, December 27, 1944. The decision of the Board to compile histories of each of its operations has provided researchers with an excellent tool with which to examine the operations of the Board. Most of the histories were written in 1946-7 and attempt to present a short but complete overview of that particular division or administration's operations from beginning to end.

44. House of Commons Debates, May 30, 1944.

45. A more complete outline of the Board's activities in connection with public opinion polls can be found in the chapter dealing with public perceptions of the Board. Considerable use of polling was also made in planning for decontrol.

46. King Papers, King Diary August 27, 1944.

47. Gordon Papers, Box 8 f.85; Gordon to Ilsley, February 6, 1945.

48. Joseph Schull, The Great Scot: A Biography of Donald Gordon, (Montreal 1979) p.99.

49. Financial Post, March 10, 1945.

50. Gordon Papers, Box 6, f.165; Board Bulletin 196, March 21, 1945.

51. WPTB Records, v.8 f.151; Board Minutes, June 7, 1945.

52. This was first raised in a letter from Gordon to Ilsley on October 7, 1943, found in Gordon Papers Box 7, f.69. That letter outlined basically the same proposal that the Chairman put to the Minister of Finance in 1945, in which the Board would control its own staffing matters. At that time Ilsley rejected the suggestion.

53. Gordon Papers, Box 8 f.89; "Organization Problems facing Board together with appropriate recommendations" memorandum, June 21, 1945.

54. Ibid.; Box 8 f.86; Gordon to Howe, March 26, 1945.

55. Department of Finance Records v.3961; Notes on special meeting called by the Chairman, August 16, 1945.

56. Ibid.; Gordon to Ilsley, August 30, 1945

57. King Papers, King Diary, September 12, 1946.

58. WPTB Records v.8 f.151; Board Minutes, October 4, 1945.

59. Ibid.; Board minutes, January 3, 1946.

60. Ibid.; v.3, f.131; "History of field operations".

61. WPTB Records, v.797 f.101-29; Gordon to Berkinshaw, December 18, 1941. In item 9 of this letter Gordon suggests that discussion of some transfers should be delayed but did present his argument that he would later develop more fully that these commodities should be transferred to the WPTB in the future.

62. Ibid.; W.G. Hackett, Secretary of the WICB, to K.W. Taylor, March 17, 1942.

63. Gordon Papers, Box 6, f.53; Berkinshaw to Gordon, June 18, 1942. This letter is attached to a letter from Gordon to Ilsley on June 27, 1942 that merely passes on the correspondence to the Minister of Finance. The relationship established in 1942 between the two Boards is also discussed in R.W. James, Wartime Economic Co-operation, (Toronto, 1943) pp.48-9. This is however only a brief account of the initial phases of the negotiations between the Boards.

64. Ibid.; Gordon to Berkinshaw, June 27, 1942. This letter is also attached to the covering letter mentioned in the previous footnote.

65. Receiving copies of this secret memorandum were J.L. Ilsley, C.D. Howe, and W.C. Clark.

66. Gordon Papers, Box 6 f.55; "Division of responsibility between the Wartime Industries Control Board and the Wartime Prices and Trade Board", August 3, 1942. It can also be found in Clark Papers, Box 12 f.W-2-1 and the WPTB Records v.797, f.101-29-1 v.1.

67. WPTB Records v.797 f.101-29-1 v.1; Howe to Gordon, August 31, 1942.

68. Gordon Papers Box 6, f.56; Minutes of a meeting between J.L. Ilsley, C.D. Howe, Donald Gordon and W.A. Mackintosh, September 8, 1942. Also found in WPTB Records v.797 f.101-29-1 v.1.

69. WPTB Records, v.797 f.101-29-1; R.T. Black to Gordon, October 1, 1942.

70. Robert Bothwell, William Kilbourn, C.D. Howe, (Toronto, 1979) p.128.

71. WPTB Records v.797 f.101-29-1 v.1; Borden to Gordon, October 8, 1942.

72. Ibid.; Gordon to Ilsley, December 23, 1942.

73. House of Commons Debates, February 9, 1943.

74. Gordon Papers, Box 10, f.111; Borden to Gordon, February 10, 1943. Also found in Borden papers, v.2.

75. WPTB Records, v.60 f.06; Executive Committee minutes, April 16, 1943.

76. *Ibid*.; v.421, f.10-15 v.3; Gordon to Clark, June 1, 1943.

77. Clark Papers, Box 12, f.W-2-5; Gordon to J.G. Godsoe, August 23, 1944. This letter is attached to a covering letter from Gordon to Clark enclosing the Chairman's correspondence with the WICB.

78. *Ibid*.; Gordon to Clark, August 24, 1944.

79. WPTB Records, v.578 f.16-8-0 v.1; Gordon to King, April 3, 1942. Also found in Gordon Papers, Box 6 f.51.

80. *Ibid*.; Gardiner to King, April 20, 1942. Also found in Mackenzie King Papers, MG 26 J1, v.324 cc.275834-7.

81. *Ibid*.; The memorandum from Gordon to Ilsley was noted in the letter from Gordon to Ilsley, May 11, 1942, found in this file. Also found in Gordon Papers, Box 6, f.52.

82. *Ibid*.; Gordon to Ilsley, May 19, 1942.

83. *Ibid*.; v.596, f.16-19; Gordon to Ilsley, December 30, 1942. Attached to this letter was the memorandum outlining the Chairman's plans for "Food Supply and Price Control".

84. *Ibid*.; Memorandum, "Food Supply and Price Control", December 30, 1942.

85. *Financial Post*, January 9, 1943.

86. *Ibid*.; January 30, 1943

87. House of Commons Debates, February 1, 1943.

88. Ibid.; February 9, 1943.

89. WPTB Records, v.596 f.16-19; "Memorandum of Agreement" - February 9, 1943. This was the agreement reached between the Department of Agriculture and the Wartime Prices and Trade Board.

90. Peter Blau, Bureaucracy in Modern Society, (New York, 1956) pp. 60-1.

91. Ibid.; p.114

92. Ibid.; p.108

93. Denis Smith, Gentle Patriot, (Toronto, 1976) p. 10. Further discussion of the role played by the dollar-a-year men can be found in the chapter on decontrol.

FOOTNOTES - Chapter Three

1. *Canada Gazette*, December 6, 1941 P.C. 8527 effective November 17, 1941 pp. 1940-42. Also see *Financial Post*, January 3, 1942.

2. Public Archives Canada, Wartime Prices and Trade Board Records, RG 64 v.420 f.10-15; Douglas Dewar to Robert Bouchard, Department of Munitions and Supply, June 27, 1942.

3. *Ibid*., v.432 f.10-29 v.1; A memorandum from Bryne Hope Sanders is found in this file only dated July 1942 that was obviously forwarded to Washington to outline the Board's activity in Canada.

4. *Financial Post*, January 10, 1942.

5. Queen's University Archives, Donald Gordon Papers, Box 6 f.49; Gordon to Graham Towers, February 17, 1942.

6. *Financial Post*, April 18, 1942.

7. Gordon Papers, Box 16 f.162; WPTB Bulletin number 88, July 7, 1942.

8. *Financial Post*, September 25, 1942

9. Public Archives Canada, Department of Finance Records, J.F. Parkinson collection, RG 19 v.3960; WPTB Quarterly Summary, July 1 - September 30, 1942.

10. Gordon Papers, Box 6, f.51; E.D.W. Stedman to Gordon, April 6, 1942. Stedman Brothers was a large Toronto based wholesaling and retailing firm in the department store business.

11. House of Commons *Debates*, June 23, 1942.

12. WPTB Records, v.816 f.101-39-2 v.2; A.F.W. Plumptre to Gordon, November 9, 1942.

13. More details about the role performed by Christine White as the liaison official for the Consumer Branch in its relations with the labour movement can be found in the fifth chapter when the Consumer Branch is discussed in detail.

14. Robert Bothwell and William Kilbourn, C.D. Howe, (Toronto, 1979), p.162-3. This contains a discussion of Howe's views on labour in the context of the strike at the aluminum plant in Arvida Quebec early in the war.

15. Gordon Papers, Box 6 f.58; Gordon to J.L. Ilsley, November 27, 1942.

16. Queen's University Archives, W.C. Clark Papers, Box 12 f.W-2-2; Walter Gordon to Donald Gordon, February 11, 1943. Also found in the WPTB Records, v.423 f.10-15-3.

17. WPTB Records, v.7 f.147; Minutes of a meeting of the Board's Committee of Administration, May 18, 1943.

18. Financial Post, July 10, 1943

19. Gordon Papers, Box 20; A speech given by Donald Gordon at a meeting of the Canadian Weekly Newspaper Association, held in Toronto, August 14, 1943.

20. *Ibid*.

21. WPTB Records v.421 f.10-15 v.3; Donald Gordon to Walter Gordon, July 26, 1943. Also in v.423 f.10-15-3.

22. Gordon Papers, Box 10 f.11; Towers to Gordon July 29, 1943. Also in WPTB Records v.423 f-10-15-3.

23. WPTB Records v.777 f.101-3-2 v.1 Gordon to Ilsley, December 26, 1941. Also in Gordon Papers Box 6 f.47.

24. E.J. Spence, "Wartime Price Control Policy in Canada", Ottawa 1947. Unpublished doctoral thesis for Northwestern University p.102.

25. Financial Post, January 29, 1942.

26. House of Commons Debates, February 23, 1942. Ilsley revealed this information in response to a question in the House.

27. WPTB Records v.777 f.101-3-2 v.1; Gordon to Ilsley March 4, 1942. Accompanying this letter was a memorandum "Principles of Domestic Subsidies", March 3, 1942.

28. R.W. James, Wartime Economic Co-Operation, (Toronto, 1943) pp.160-161. A discussion of import and export subsidies can also be found in Spence, p.18.

29. WPTB Records v.235 f.344; J.G. Taggart to Gordon, February 10, 1942.

30. Financial Post, April 25, 1942.

31. House of Commons Debates, June 17, 1942.

32. Gordon Papers Box 6 f.54; Memorandum "Limitation on Subsidies", July 31, 1942. Also this subject is discussed in a memorandum "Board Price Policy - Criteria for Granting Relief" in the Department of Finance Records, v.3960 f.E 3 M. There is no date on this memo but based on references in the text, it was likely prepared in July 1942.

33. Spence, pp.56-7

34. Ibid.; p.82.

35. Department of Finance Records, Parkinson collection v.3960; Speech by J.L. Ilsley on December 3, 1942 announcing subsidies at the consumer level on tea, coffee, oranges and milk.

36. Gordon Papers, Box 20; Announcement by Donald Gordon on Imperial Oil Hockey broadcast, December 5, 1942.

37. Financial Post, December 12, 1942.

38. WPTB Records, v.546 f.16-3-3-11 v.1; Taggart to Gordon, December 8, 1942.

39. Department of Finance Records, J.L. Ilsley correspondence, v.2736 f.700-20; Included in this file is considerable correspondence from various organizations and individuals concerned about the operation of the milk subsidy. Both support for and opposition to the programme is expressed.

40. Financial Post, August 21, 1943.

41. Public Archives Canada, W.L.M. King Papers, MG 26 J 13, King Diary, September 9, 1943.

42. Gordon Papers, Box 6 f.56; Gordon to Ilsley, September 8, 1943. This letter covered a copy of a letter from Gordon to Justice T.C. Davis, Assistant Deputy Minister, National War Services Department forwarded to Ilsley for his information.

43. King Papers, King Diary, October 19, 1943.

44. Department of Finance Records, Parkinson collection v.3960; Price fixation policy noted from a Research Branch meeting, October 20, 1943.

45. WPTB Records, v.769 f.101-0 v.3; Gordon to Ilsley, March 8, 1944.

46. Gordon Papers, Box 8 f.79; Gordon to Ilsley, August 1, 1944.

47. Public Archives Canada, Privy Council Office Records, Minutes of the Cabinet War Committee RG 2, 7c, v.16; August 10, 1944. Minute 12 discusses war export policy.

48. Gordon Papers, Box 8 f.83; Gordon to Ilsley, December 12, 1944. Also found in WPTB Records v.547 f.16-3-3-11-1 v.1.

49. King Papers, King Diary, February 21, 1944.

50. WPTB Records v.8 f.151; Board minutes, October 5, 1944. The elimination of the orange subsidy is discussed in minute 7. See also Gordon Papers, Gordon to Ilsley December 12, 1944. In this letter Gordon notes that a shortage of oranges due to storm damage of the crop in Florida has delayed the removal of the subsidy until early 1945.

51. Ibid., v.546 f.16-3-3-11 v.3; Memorandum, J.D. Gibson to Gordon, December 29, 1944.

52. Ibid.; Minutes of a consumer milk subsidy meeting on December 30, 1944. The milk subsidy decision was reported to the Board at its meeting on January 4, 1945. See WPTB Records v.8 f.151 for the minutes of that meeting.

53. Ibid.; v.547 f.16-3-3-11-1 v.1; Gordon to Ilsley, June 15, 1945. In this letter Gordon again proposed that the milk subsidy be lifted and reported his actions to the Board at its meeting on July 5, 1945. See v.8 f.151 for Board minutes of that meeting.

54. Financial Post, March 31, 1945 and April 7, 1945.

55. Dominion Bureau of Statistics and Department of Trade and Commerce, Canada Year Book, 1945, (Ottawa, 1946) pp. 854-5.

56. Financial Post, February 17, 1945.

57. WPTB Records v.8 f.151; "Memorandum on British Imports", August 30, 1945.

58. Ibid.; v.767 f.40-1 v.1; Gordon to M.W. Mackenzie, December 26, 1945, including a memorandum on import price changes.

59. Ibid.; v.8 f.151; Board minutes January 3, 1946.

60. Ibid.; v.709 f.26A v.2; Gordon to Ilsley, January 14, 1946.

61. Ibid.; v.546 f.16-3-3-11 v.4, Gordon to Ilsley, January 4, 1946.

62. Financial Post, February 9, 1946.

63. WPTB Records v.546 f.16-3-3-11 v.4; Memorandum from Gordon to Ilsley on the consumer milk subsidy situation, April 18, 1946. It was noted in this file that the subsidy was dropped on June 1, 1946. Also see King Papers J 4 v.248 f.2551, C166356, Memorandum J.W. Pickersgill to King, April 15, 1946. In this memo Pickersgill suggests that if the milk subsidy is to be ended the government should consider removing the control on wages as ending the subsidy would boost living costs for Canadians.

64. Gordon Papers, Box 6 f.50; Gordon to Ilsley March 4, 1942. This letter refers to cost of living matters.

65. Spence, p.25.

66. Financial Post, June 20, 1942.

67. Canada Year Book, 1943-4 p.790; The index figures were also mentioned in WPTB press release 0161 issued at the end of July 1942 and found in Gordon Papers Box 6 f.55.

68. Financial Post, August 8, 1942.

69. WPTB Records v.426 f.10-17 v.1; W.F. Prendergast to Gordon, October 29, 1942.

70. Canada Year Book 1943-4 p.790

71. Gordon Papers Box 6 f.58; Gordon to Ilsley November 26, 1942. In this Gordon in a covering letter offers his resignation and also writes about the threat he believes exists to the ceiling through the cost of living increases.

72. Financial Post, November 28, 1942.

73. King Papers, King Diary; February 2, 1943. King also mentions the steel strike in his diary January 12, 1943; January 13, 1943; January 14, 1943; January 16, 1943 and January 18, 1943.

74. Canada Year Book 1943-4, p.790. See also Gordon Papers Box 7, f.61; Gordon to Ilsley, February 6, 1943 for a discussion of the effects of the consumer subsidy scheme.

75. Financial Post, February 20, 1943.

76. WPTB Records v.438 f.10-62 v.3; Gordon to Ilsley, February 6, 1943.

77. Stuart M. Jamieson, Times of Trouble: Labour Unrest and Industrial Unrest in Canada 1900-66, (Ottawa, 1968) pp.286-8.

78. Financial Post, February 27, 1943.

79. House of Commons Debates, March 22, 1943.

80. Queen's University Archives, W.C. Clark Papers, Box 12 f.W-2-2; "Memorandum on Price Ceiling Problems", April 13, 1943 prepared by the WPTB. Also found in WPTB Records v.421 f.10-15 v.2.

81. WPTB Records v.436 f.10-13; Memorandum "Present position of wage controls in Canada", March 13, 1943, prepared for a general policy review meeting.

82. Gordon Papers Box 7 f.62; Gordon to Ilsley, March 23, 1943. Also see WPTB Records v.438 f.10-62 v.3 Humphrey Mitchell to Ilsley March 18, 1943. This new view of the wage ceiling-bonus relationship came from a meeting of the WPTB Special Committee on Policy that had suggested that changes be made in the method of paying the bonus.

83. WPTB Records, v.438 f.10-62 v.3; Mitchell to Ilsley, March 30, 1943.

84. Clark Papers, Box 12 f. W-2-2; Memo "Pressure of Wages upon the Price Ceiling," March 22, 1943. Prepared by H.R. Kemp.

85. WPTB Records, v.432 f.10-29; Christine White to B.H. Sanders, May 4, 1943.

86. Ibid.; v.438 f.10-62 v.4; W.F. Prendergast to Gordon, May 31, 1943.

87. Ibid.; Gordon to E.J. Spence and Douglas Dewar, June 21, 1943.

88. Financial Post, May 15, 1943.

89. Ibid.; May 29, 1943.

90. WPTB Records, v.438 f.10-62 v.4; Gordon to Hon Justice C.P. McTague, June 2, 1943.

91. Privy Council Office Records, v.13 Minutes of the Cabinet War Committee, June 23, 1943. See Minute 19-26.

92. King Papers, J4 v.273 f.2753 C187685-6; Norman Robertson to King, June 8, 1943.

93. Department of Finance Records, v.4664 f.187 EAC-62; Towers to Clark, June 13, 1943.

94. Ibid.; Memorandum "The case for children's allowances" prepared by the Bank of Canada, June 14, 1943.

95. Ibid.; v.4660 f.187-EAC-part 3; Minutes of Meeting of Advisory Committee on Economic Policy, July 7, 1943.

96. Ibid.; v.4663 f.187-EAC-62; Draft for report on the present situation in regard to price and wage stabilization, July 9, 1943.

97. Queen's University Archives, Grant Dexter Papers, Transfer case 3 f.25; Memorandum, September 1, 1943.

98. Ibid.; Memorandum, September 3, 1943.

99. W.L.M. King, Industry and Humanity, Toronto, 1918. This work, published prior to King's successful attempt to win the leadership of the Liberal Party of Canada views the world and its operations from King's perspective.

100. WPTB Records v.811, f.101-39-0 v.2; This file contains summaries of the McTague report and Cohen's minority report plus Gordon's comments on the reports. The McTague report to the Minister of Labour can be found in entirety in the King Papers, J4, v.362 f.3855 C250083-250110.

101. Department of Finance Records, Parkinson collection v.3960; Notes on a Research branch meeting on price fixation policy on October 20, 1943.

102. King Papers, King Diary, September 1, 1943.

103. Department of Finance Records, Parkinson collection, v.3960; Quarterly report of Board activities, July - September 1943.

104. WPTB Records, v.769 f.101-0 v.2; Gordon to Ilsley, September 8, 1943. Also found in v.546 f.16-3-3-11.

105. Gordon Papers, Box 7, f.68; Gordon to Ilsley, September 3, 1943. Also found in v.438 f.10-62 v.4.

106. Canada Year Book 1943-4; p.790.

107. Gordon Papers; Gordon to Ilsley, September 3, 1943.

108. Ibid.

109. WPTB Records, v.432 f.10-29 v.2; Christine White to B.H. Sanders, September 9, 1943. Memorandum on 59th annual convention of the Trades and Labour Congress in Quebec City on August 30, 1943.

110. Financial Post, September 11, 1943.

111. Financial Post, September 18, 1943.

112. King Papers, King Diary, October 7, 1943.

113. Ibid.; J4 v.362 f.3855 C250159-83; Report of the Economic Advisory Committee on the National War Labour Board reports, no date but likely late September 1943.

114. Financial Post, October 9, 1943.

115. King Papers, J4, v.273, f.2753 C187887-97; Children's allowances: Clark's memo to Council, no date but likely early October 1943.

116. WPTB Records, v.442 F.10-87; J.D. Gibson to Gordon, November 17, 1943.

117. Financial Post, October 23, 1943.

118. Ibid; November 13, 1943.

119. King Papers, King Diary, November 16, 1943.

120. Ibid.; November 26, 1943.

121. Department of Finance Records, Parkinson collection v.3960; Memo "The Battle against Inflation" - a speech by W.L.M. King, December 4, 1943.

122. Canada Year Book 1945; p.898.

123. WPTB Records v.439 f.10-62 v.6; E.J. Spence to Gordon, January 15, 1944. In a further memo of January 17, 1944 in the same file Spence suggested that pressures on the ceiling could produce sufficient increase in the cost of living by July 1, 1944 to justify imposition of consumer subsidies on some goods.

124. Ibid.; v.5; Minutes of Board meeting, February 8, 1944.

125. King Papers, King Diary, June 23, 1944.

126. Gordon Papers Box 8 f.89; Gordon to Ilsley, June 11, 1945.

127. Financial Post, October 13, 1945.

128. Ibid.; April 6, 1946.

FOOTNOTES - Chapter Four

1. Queen's University Archives, Donald Gordon Papers, Box 16 f.161; Bulletin 28, January 16, 1942.

2. Ibid.; Box 6 f.56; Memorandum "Control of New Business, New Varieties and New Lines of Goods", no date but likely around September 1942. See also f.57, Gordon to Ilsley, October 24, 1942.

3. Public Archives Canada, Wartime Prices and Trade Board Records, RG60, v.60 f.01; Memorandum on equitable distribution likely prepared at the end of the war as part of the effort of the Board to compile histories of its operations. See also K.W. Taylor, "Canadian Wartime Price Controls 1941-1946" in Canadian Journal of Economics and Political Science, v.XIII n.1, February 1947 p.92.

4. Ibid.

5. Financial Post, October 31, 1942.

6. WPTB Records, v.1442 f.10-35-26; J.D. Gibson to W.H. Cranston, November 7, 1942.

7. Queen's University Archives, W.C. Clark Papers, Box 12, f. W-2-4; Gordon to Clark, December 11, 1942.

8. Financial Post, April 10, 1943; Reprint of speech by Donald Gordon to Retailers' Conference.

9. Gordon Papers, Box 7 f.71; Gordon to Ilsley, December 30, 1943.

10. Ibid.; Memorandum attached to letter entitled "Notes re Retail Sales and Inventories" from J.D. Gibson to Gordon, December 29, 1943.

11. Ibid. Box 8 f.72; Gordon to Ilsley, January 24, 1944.

12. Financial Post, March 4, 1944.

13. Public Archives Canada, Department of Finance Records, J.F. Parkinson collection, v.3960; WPTB Summary of Operations, October 1943 - March 1944.

14. Gordon Papers, Box 16 f.170; Confidential memorandum Re: Board Order 284 respecting Commencement, Acquisition and Expansion of Business.

15. *Financial Post*, September 9, 1944.

16. Public Archives Canada, Privy Council Office Records, v.16; Documents of the Cabinet War Committee - Cabinet War Committee re: National Textiles and Leather Requirements Committee - Interim Report - September 1944.

17. Dominion Bureau of Statistics and Department of Trade and Commerce, *Canada Year Book 1944*; (Ottawa, 1945) p.890.

18. WPTB Records v.686 f.23-16 v.5; G.E. Shortt to C.K.C. Martin, January 8, 1945.

19. *Financial Post*, July 14, 1945.

20. WPTB Records, v.687 f.23-16 v.6; C.K.C Martin to Gordon, July 3, 1945.

21. *Ibid*. v.8 f.151; Board minutes, September 6, 1945.

22. *Ibid*., v.687 f.23-16 v.7; Draft of Board statement, November 16, 1945.

23. *Ibid*., v.60 f.01, Memorandum on equitable distribution policy. It was likely prepared at the conclusion of the Board's operations as part of the Board's history.

24. *Ibid*., v.727 f.32-9 v.1; A.F.W. Plumptre to R.S. Mackay, April 1, 1946.

25. Gordon Papers, Box 6, f.52; Gordon to Ilsley, May 11, 1942. Also found in WPTB Records v.578 f.16-8-0 v.1.

26. This proposal is based on a memorandum from J.G. Taggart to Gordon that can be found in the WPTB Records v.581 f.16-8-10 v.1, dated April 25, 1942. However the specific quotation can be found in v.581 f.16-8-10 v.1; Gardiner to K.W. Taylor, April 29, 1942.

27. Gordon Papers, Box 6 f.52; Gordon to Ilsley, May 16, 1942.

28. WPTB Records, v.581 f.16-8-10 v.1; Taggart to Gordon, August 29, 1942.

29. Public Archives Canada, W.L.M. King Papers, King Diary, September 2, 1942. See also WPTB Records v.578 f.16-8-10 v.1 telegram Gardiner to King. Also found in King Papers J1 v.324 cc275855-6.

30. Privy Council Office Records, v.10; Minutes of the Cabinet War Committee, Minutes of the meeting of September 2, 1942. See minutes 28-39.

31. WPTB Records, v.578 f.16-8-0 v.1; Gordon to Plumptre, September 3, 1942.

32. *Ibid.*; King to Gardiner, September 3, 1942. Also found in King Papers, J1 v.324 cc275859.

33. *Ibid.*; Gordon to Gardiner, September 7, 1942.

34. King Papers, J1 v.324 cc275860-1; Gardiner to King September 11, 1942.

35. Gordon Papers, Box 6 f.56; Gordon to Ilsley, September 19, 1942. Also found in King Papers J1 v.324 cc276272-88.

36. King Papers, King Diary, September 24, 1942. See also WPTB Records v.581 f.16-8-10 v.2; "Memorandum re discussion on beef" by Donald Gordon to file, September 22, 1942.

37. WPTB Records v.578 f.16-8-0 v.1; Ontario Federation of Agriculture press release, September 25, 1942.

38. Ibid., v.581 f.16-8-0 v.2; Gardiner to Gordon, October 9, 1942.

39. Ibid.; Gordon to Gardiner, October 16, 1942.

40. Financial Post, October 17, 1942.

41. WPTB Records v.581 f.16-8-0 v.2; Gordon to E.G. Burton, Administrator of Retail Trade, November 26, 1942. As well in Ibid., v.3 in Gordon to H.R. Kemp, December 30, 1942, the Chairman is highly critical of a statement about the reasoning behind a beef price increase made by Kemp as an employee of the Board's research staff.

42. Ibid., v.768 f.101 v.2; Ilsley to Gordon, May 13, 1943.

43. Ibid.; K.W. Taylor to Gordon, May 18, 1943.

44. Ibid., v.582 f.16-8-10-1; Gordon to Ilsley, May 18, 1943; Gordon to Taylor, May 20, 1943. See also v.582 f.16-8-10 v.4; Board minutes, April 13, 1943 and King Papers, J1 v.360; Gordon to Barton, March 10, 1943 cc 311947-49 and Barton to Gordon, March 10, 1943 cc311951-2. In the first letter Gordon outlines his opposition to any change in the floor price for 1943-4 while Barton presents his case for an increase in the floor price to ½cent per pound below the ceiling level.

45. Ibid., v.16-8-10 v.4; Deputy Administrator, Ration Administration to M.W. Mackenzie, August 14, 1943.

46. King Papers; King Diary, September 10, 1943. See also WPTB Records, v.769 f.101-0 v.2; Gordon to Ilsley, September 8, 1943. Also found in v.546 f.16-3-3-11 and v.438 f.10-62 v.4.

47. WPTB Records v.582 f.16-8-10-1; Gordon to Ilsley, May 2, 1944.

48. King Papers, King Diary, June 8, 1944. See also May 24, 1944.

49. Gordon Papers, Box 10 f.112; Memorandum - Gordon to Ilsley, June 14, 1944. The key to this letter is the handwritten note dated August 17, 1944 at the bottom of the memo that outlines Ilsley's views that Gordon should allow the matter to drop and the notation that Gardiner offered some regrets for hasty utterances.

50. WPTB Records v.582 f.16-8-10-1; Gordon to Ilsley, June 9, 1944.

51. Ibid.; June 13, 1944.

52. WPTB Records, v.582 f.16-8-10-1; Gardiner to Ilsley, July 5, 1944.

53. Ibid.; Gordon to Ilsley, July 12, 1944.

54. King Papers, King Diary, July 13, 1944.

55. WPTB Records, v.582 f.16-8-10-1; Gordon to Gardiner, July 14, 1944. See also King Papers, King Diary, July 14, 1944.

56. Gordon Papers, Box 8 f.89; Gordon to Barton, June 6, 1945.

57. Financial Post, July 7, 1945. Also see the chapter on rationing for more information on the meat rationing scheme.

58. WPTB Records v.582 f.16-8-10 v.6; Minutes of Board meeting, May 2, 1946; Also see v.585 f.16-8-19; F.S. Grisdale, Administrator of Meat and Meat Products to Col. G.S. Jones, Veterans' Officer, June 21, 1946.

59. House of Commons Debates, July 1, 1942 and July 9, 1942.

60. Gordon Papers Box 6 f.54; Gordon to Ilsley July 14, 1942. Also found in WPTB Records v.768 f.101-0 v.1.

61. Ibid.; See appended background paper "Farm Labour and the Price Ceiling".

62. Financial Post, August 1, 1942.

63. Department of Finance Records v.4660 f.187-EAC-3; Minutes of the meeting of the Advisory Committee on Economic Policy on April 22, 1943.

64. WPTB Records, v.768 f.101-0 v.1; Gordon to Clark, May 28, 1943.

65. William Young, "Making the Truth Graphic: The Canadian government's home front information structure and programme during World War II", unpublished Ph.D. dissertation, University of British Columbia, 1978.

66. Department of Finance Records, Parkinson collection, v.2960; D.G. Mackenzie to Gordon, May 27, 1943.

67. WPTB Records, v.768 f.101-0 v.1; Gordon to W.C. Clark, May 28, 1943. Also see v.769 f.101-0 v.2; Gordon to Ilsley, December 2, 1943.

68. Financial Post, August 7, 1943 and August 14, 1943.

69. King Papers, King Diary, October 20, 1943.

70. Department of Finance Records, Parkinson collection v.3960; Parkinson to W.F. Prendergast, November 26, 1943.

71. WPTB Records, v.8 f.151; Minutes of Board meeting, March 21, 1944.

72. King Papers, King Diary, May 24, 1944.

73. WPTB Records, v.1438 f.10-35-7; Memorandum - Carl Bergithon to F.B. Walls, Co-ordinator Textiles and Clothing, February 9, 1942. This was the first reference to the possibility of quality deterioration becoming a major problem for the Board.

74. Gordon Papers, Box 6 f.58; Gordon to Ilsley, November 25, 1942.

75. WPTB Records v.438 f.10-62 v.4; Prendergast to Gordon, May 31, 1943.

76. Ibid. v.181 f.011; F.A. McGregor, Enforcement Administrator to R.T. Elworthy, Director, Standards Section, Supply Division, May 14, 1943.

77. Financial Post, October 15, 1943.

78. WPTB Records v:684 f.23-15 v..2; Christine White to B.H. Sanders, December 16, 1943.

79. Ibid.; Sanders to Gordon, December 28, 1943.

80. Ibid. v.60 f.05; Minutes of the Executive Committee meeting, July 7, 1944.

81 Gordon Papers, Box 16 f.163; Gordon to Ilsley, August 4, 1944.

82. WPTB Records v.432 f.10-29 v.3; Sanders to Gordon, November 29, 1943.

83. Ibid., v.685 f.23-15; M.H. Fyfe, Deputy Enforcement Administrator to D.G. Mackenzie, Chief Industrial Division, March 10, 1945.

84. Gordon Papers Box 16,f.165, Board Bulletin 196, March 21, 1945.

FOOTNOTES - Chapter Five

1. Queen's University Archives, Donald Gordon Papers Box 16 f.161; Bulletin No. 37, January 22, 1942. Also in WPTB Records v.1438 f.10-35.

2. Financial Post, February 7, 1942 and March 14, 1942.

3. Gordon Papers, Box 6 f.51; Gordon to Ilsley, April 27, 1942. This letter outlines the success achieved by the Interlake Tissue Mills in reducing the number of grades and products they manufacture. Gordon brought this to the attention of the Finance Minister as an example of how the programme had achieved success in industry.

4. Public Archives Canada, Wartime Prices and Trade Board Records, RG64 v.62 f.017; History of the Division of Simplified Practice.

5. Financial Post, August 15, 1942.

6. WPTB Records, v.816 f.101-39-2 v.1; K.W. Taylor to Gordon, July 10, 1942.

7. Gordon Papers, Box 6 f.56; Gordon to Justice T.C. Davis, September 8, 1942. The quotation from the Prime Minister's August 19, 1942 speech is included in this letter.

8. WPTB Records v.811 f.101-39-0 v.1; Gordon to Elliott Little, September 17, 1942.

9. J.L. Granatstein and J.M. Hitsman, Broken Promises: A History of Conscription in Canada, (Toronto, 1977). See pages 188-191 for a discussion of the creation and early activities of National Selective Service.

10. WPTB Records, Memorandum - "Implications for Wartime Prices and Trade Board" v.811 f.101-39, September 24, 1942.

11. Public Archives Canada, W.L.M. King Papers, MG26 J13; King Diary, September 23, 1942.

12. Public Archives Canada, Records of the Privy Council Office, RG2 7c, v.10; Minutes of the Cabinet War Committee, September 23, 1942.

13. WPTB Records, Memorandum "Implications for Wartime Prices and Trade Board".

14. King Papers, J1 v.325 cc 277101-2; A.D.P. Heeney to Ilsley, September 29, 1942.

15. Financial Post, October 3, 1942.

16. Ibid.; October 10, 1942.

17. WPTB Records, v.1438 f.10-35; Minutes of a meeting of Industrial Division Personnel to discuss internal organization and the curtailment plan, October 5, 1942.

18. Ibid., v.816 f.101-39-2 v.1; Manpower conservation statement, October 5, 1942.

19. Ibid., v.1438 f.10-35-6; J. Stewart to R.F. Chisholm, October 14, 1942. See also v.821 f.101-39-3 v.1; Chisholm to Gordon, October 17, 1942.

20. Financial Post, October 17, 1942.

21. Queen's University Archives, Grant Dexter Papers, case 3.f.23; Memo: selective service and the economy, October 29, 1942.

22. Ibid.

23. Ibid.

24. Gordon Papers, Box 6 f.57; Gordon to Ilsley, October 30, 1942 including a report from R.F. Chisholm October 26, 1942 as a memorandum to the Chairman on "Curtailment Progress". Also found in WPTB Records v.811 f.101-39-0 v.1.

25. Dexter Papers, memorandum, October 29, 1942.

26. WPTB Records v.1438 f.10-35; Memorandum to administrators regarding curtailment from R.F. Chisholm, October 26, 1942.

27. Granatstein and Hitsman, p.194-6. In their comments the authors note that Little's successor, Arthur Macnamara achieved almost all of Little's goals within the first couple of months of taking over the job as head of National Selective Service. Little's resignation was accepted by P.C. 10578 issued on November 19, 1942 and found in King Papers J4 v.254 f.2605 C170621.

28. King Papers, J1 v.325, C276965; C.D. Howe to King, November 28, 1942.

29. WPTB Records v.816 f.101-39-2; Gordon to Plumptre, November 17, 1942.

30. Gordon Papers Box 6 f.58; Gordon to Ilsley, November 27, 1942.

31. WPTB Records v.816 f.101-39-2 v.2; Cranston to Chisholm, November 20, 1942. This memo outlines the problems created because the released manpower was not the desired type and furthermore released manpower could be eligible for military service. A recommendation is made that a priority system be established for calling up men to determine what sorts would be eligible for wartime employment or military service. As well in v.811 f.101-39-0 v.1 in a memo from Chisholm to Gordon on November 21, 1942 the head of the Industrial Division outlines several reasons why he believes that the manpower situation has eased including the effectiveness of some voluntary curtailment efforts, exaggerated estimates of needs by some plants and the levelling off of war production.

32. Gordon Papers, Box 6 f.58; Gordon to Ilsley, November 27, 1942. Also found in WPTB Records v.811 f.101-39-0 v.1 and Privy Council Office Records - Documents of the Cabinet War Committee, Document 345.

33. Privy Council Office Records, v.11; Minutes of the Cabinet War Committee - Memorandum on Manpower. CWC document 361, December 7, 1942.

34. Ibid.; CWC Document 361 - minutes of the Manpower Committee meeting, December 8, 1942.

35. Ibid., v.10; Minutes of the Cabinet War Committee Meeting, December 9, 1942.

36. WPTB Records v.821 f.101-39-3 v.1; Chisholm to Gordon, December 22, 1942. See also Gordon Papers, Box 6 g.59: Memorandum to Administrators from R.F. Chisholm, December 9, 1942.

37. Ibid., v.811 f.101-39-0 v.1; Ilsley to Gordon, January 6, 1943.

38. Ibid. v.822 f.101-39-3 v.2; W.H. Cranston to Chisholm, January 6, 1943.

39. Ibid., v.811 f.101-39-0 v.1; Gordon to Ilsley March 26, 1943.

40. Ibid., v.816 f.101-39-2 v.2; Ilsley to Gordon, April 5, 1943.

41. Ibid., Gordon to A. Macnamara, Deputy Minister of Labour, April 15, 1943.

42. Ibid., v.33 f.316; Cranston to M.W. Mackenzie, June 24, 1943.

43. Ibid., v.436 f.10-34; W.F. Hadley to M.W. Mackenzie Re: Simplification policy and programme, June 26, 1943.

44. Ibid., v.684 f.23-15 v.1; Gordon to E.T. Elworthy, Director - Standards of Quality, June 8, 1943.

45. Department of Finance Records, Parkinson collection v.3960; WPTB Quarterly Summary of Activities, July - September 1943.

46. WPTB Records, v.817 f.101-39-2 v.3; Gordon to Ilsley, July 29, 1943.

47. Ibid., v.822 f.101-39-3 v.2; Cranston to R. Geddes, September 9, 1943.

48. Ibid.; Christine White to Cranston, October 8, 1943.

49. Ibid.; Cranston to White, October 11, 1943.

FOOTNOTES - Chapter Six

1. Financial Post, February 14, 1942
2. R.W. James, Wartime Economic Co-operation, (Toronto, 1943) p.374
3. Financial Post, February 7, 1942
4. Public Archives Canada, Wartime Prices and Trade Board Records, RG 64 v.635 f.19-32 v.1; Gordon to Ilsley, April 3, 1942.
5. Financial Post, May 30, 1942
6. Queen's University Archives, Donald Gordon Papers, box 6 f.53; Gordon to Ilsley, June 4, 1942
7. Ibid. box 20; Speech on rationing on national radio by Donald Gordon, June 17, 1942
8. Financial Post, June 20, 1942.
9. Ibid., August 8, 1942
10. Gordon Papers, box 6 f.55; Gordon to Ilsley, August 21, 1942. Also in WPTB Records v.619 f.19-8 v.1.
11. Ibid., box 16 f.162; Bulletin 102 to all Board officials, August 21, 1942
12. Financial Post, August 29, 1942
13. Gordon Papers, box 6 f.56; Minutes of September 8, 1942 meeting between J.L. Ilsley, C.D. Howe, Donald Gordon and W.A. Mackintosh. Also in WPTB Records v.797 f.101-29-1 v.1.
14. WPTB Records v.84 f.086; Consumer Rationing in Canada - Weekly Report - December 5, 1942

15. Gordon Papers, box 6 f.59; Gordon to Ilsley, December 7, 1942. Also in WPTB Records v.619 f.19-8 v.1. In this letter Gordon reported that 518 board offices had been staffed to date with a further 40 to come in the near future.

16. WPTB Records v.84 f.086; Consumer Rationing in Canada - Weekly Reports, December 12, 1942. Butter rationing is mentioned in this report as a subject requiring action from the Board.

17. Public Archives Canada, W.L. Mackenzie King Papers, MG 26 J13 King Diary, December 18, 1942.

18. Ibid.

19. Financial Post, December 26, 1942

20. Ibid., January 2, 1943

21. WPTB Records v.84 f.086; Consumer Rationing in Canada - Weekly Progress Report number 2, January 6, 1943.

22. Ibid., Consumer Rationing in Canada - Weekly Reports, January 16, 1943

23. Ibid., January 9, 1943

24. Ibid., January 23, 1943

25. Financial Post, January 16, 1943

26. WPTB Records v.84 f.086; Consumer Rationing in Canada - Weekly Reports, February 27, 1943

27. Ibid., v.1442 f.10-35-23; "Ration Coupon Banking and the Part of Management Services Therein", February 22, 1943

28. Ibid., v.436 f.10-31; Report on Consumer Rationing, March 13, 1943

29. Ibid., v.84 f.086; Consumer Rationing in Canada - Weekly Reports, March 20, 1943

30. Ibid., v.635 f.19-32 v.1; W.F. Prendergast to A.M. Henderson, April 13, 1943

31. Ibid.; Ilsley to Gordon, April 16, 1943

32. Ibid.; WPTB Minutes April 27, 1943

33. Ibid.; Gordon to Ilsley, May 18, 1943. Also found in Gordon Papers, box 7 f.64.

34. Ibid.

35. Ibid. v.84 f.086; Consumer Rationing in Canada - Report on the state of the Ration Administration, H.I. Ross to Gordon, May 26, 1943

36. Ibid., v.635 f.19-32 v.2; Board minutes June 8, 1943

37 Gordon Papers, box 16 f.163; Bulletin 156 to all Board officials, June 8, 1943.

38. WPTB Records v.84 f.086; Consumer Rationing in Canada - Report on the state of the Ration Administration, June 29, 1943

39. Ibid.; Consumer Rationing in Canada - Report on the state of the Ration Administration, Ross to Gordon, September 10, 1943

40. Ibid.; November 2, 1943

41. WPTB Records, v.635 f.19-32 v.3; A.F.W. Plumptre to Gordon, February 12, 1944. In his letter of reply to Plumptre Gordon noted that Ilsley had said in the House that a temporary lifting of the ration 'would be given consideration'. Clearly that view did not coincide with Gordon's plans for the future of meat rationing.

42. Ibid.; Gordon to Plumptre, February 17, 1944

43. King Papers, King Diary, February 28, 1944

44. Ibid.

45. Gordon Papers, Teletype L.B. Pearson to Norman Robertson, March 1, 1944

46. Ibid.; Gordon to Plumptre, March 1, 1944

47. Ibid.; Gordon to Robertson, March 2, 1944. Also in WPTB Records, v.635 f.19-32 v.2

48. WPTB Records v.635 f.19-32 v.3; Board minutes March 7, 1944. Also in v.8 f.151

49. Ibid., v.60 f.05; Minutes of the Board Executive Committee March 8, 1944

50. Ibid.; Minutes of the Board Executive Committee, March 27, 1944

51. Financial Post, August 26, 1944

52. Ibid.; March 24, 1945

53. King Papers, J4 v.274 f.2777; Memorandum for Prime Minister from Norman Robertson "The position of Canada in relation to the world-wide shortage of meat", February 8, 1945, C188647-8

54. Ibid.; Memorandum to Prime Minister from Robertson, February 21, 1945, C188649

55. Ibid. J1 v.383; Pearson to Robertson, March 19, 1945 342718-20

56. Ibid., J4 v.274 f.2777; Memorandum for Prime Minister from Robertson, March 22, 1945 C188650-3

57. Ibid.; Memorandum to Cabinet - "World-wide shortage of meat and suggested action by Canada", March 22, 1945 C188654-7

58. King Papers, J4 v.377 f3947; Memorandum for the Prime Minister from W.J. Turnbull, March 24, 1945, C260923

59. WPTB Records v.8 f.151; Board minutes, April 5, 1945

60. King Papers, King Diary April 4, 1945

61. Ibid.; April 6, 1945

62. WPTB Records v.636 f.19-32 v.4; Gordon to Ilsley, May 24, 1945

63. Ibid.; Ross to Gordon, May 26, 1945

64. Gordon Papers, box 8 f.89; Gordon to Dr. G.S.H. Barton, Deputy Minister of Agriculture, June 6, 1945. The situation is also discussed in WPTB Records v.8 f.151; Board Minutes, June 7, 1945

65. WPTB Records v.8 f.151; Board minutes, July 5, 1945

66. Financial Post, July 7, 1945

67. Ibid., July 14, 1945

68. Ibid.

69. WPTB Records v.8 f.151; Board minutes, August 2, 1945

70. Ibid. v.636 f.19-32 v.5; Gordon to Ross, August 28, 1945

71. Ibid.; Gordon to McCutcheon, August 28, 1945

72. Ibid.; Gordon to Ilsley, August 31, 1945

73. Ibid. v.623 f.19-16; Gordon to Ilsley, August 31, 1945. This is a different letter from the one noted in 72.

74. Ibid. v.8 f.151; Board minutes, September 6, 1945

75. King Papers, King Diary, September 13, 1945

76. King Papers, J4 v.377 f.3947; "Radio talk re; meat rationing" by K.W. Taylor, September 9, 1945 C260927-36

77. WPTB Records, v.636 f.19-32 v.5; Sanders to all Consumer Representatives, September 13, 1945

78. Financial Post, September 15, 1945

79. WPTB Records, v.637 f.19-32 v.6; Christine White to Sanders, September 22, 1945

80. Ibid.; Sanders to Gordon, September 22, 1945

81. Ibid.; K.W. Taylor to Gordon, September 22, 1945

82. Ibid. v.8 f.151; Board minutes, October 4, 1945

83. Ibid. v.637 f.19-32 v.8; C.K.C. Martin to Taylor, October 11, 1945

84. Ibid. v.8 f.151; Board minutes, December 6, 1945

85. Ibid. v.60 f.107; Minutes of Board executive committee December 17, 1945

86. Financial Post, July 28, 1945

87. WPTB Records, v.641 f.19-35 v.3; Gordon to Godsoe, May 28, 1945

88. Ibid. v.84 f.085; "Resume of Canadian opinion on rationing", October 1, 1945

FOOTNOTES - Chapter Seven

1. Public Archives Canada, Wartime Prices and Trade Board Records, RG 64 v.1438 f.10-35; H.D. Anger to Gordon, February 20, 1942

2. House of Commons Debates, July 9, 1942

3. WPTB Records v.762 f.37 v.1; F.A. McGregor to Gordon, September 22, 1942

4. Ibid.; M.W. Mackenzie to Gordon, October 2, 1942

5. Queen's University Archives, Donald Gordon Papers, Box 10 f.110; Gordon to McGregor, October 26, 1942

6. WPTB Records v.60 f.09; History of the Enforcement Branch, pp.32-3

7. Ibid.

8. Ibid. v.762 f.37 v.2; Prendergast to McGregor, June 1, 1943

9. Early in the economic stabilization programme it was decided that although the WPTB and the WICB each was involved in rationing commodities, there would be little point in establishing two distinct enforcement units. Such duality was both an unnecessary expense in wartime when costs were kept to the bare minimum and also risked the likely development of complete public confusion about what agency was responsible for various wartime activities. The original rationing split between the two boards was based, as with other jurisdictional differences, on consumer versus strategic and munitions lines. The WICB controlled and rationed those commodities such as gasoline and rubber that had a substantial value for munitions production. Those goods and materials of a primarily domestic and consumer use were regulated and if necessary rationed by the WPTB.

10. Gordon Papers, Box 7 f.65; Gordon to Ilsley, June 29, 1943. WPTB Records v.762 f.37 v.2; Prendergast to McGregor, June 9, 1942 also discusses the enforcement situation and problems.

11. Ibid.; Memorandum "Organization and operations of the Enforcement Administration" that accompanied Gordon's letter to Ilsley of June 29, 1943.

12. WPTB Records v.685 f.23-16 v.2; McGregor to M.W. Mackenzie, April 8, 1943

13. Ibid. v.641 f.19-35 v.2; H.M. Brown, Deputy Ration Administrator, to Mackenzie, "Report on ration enforcement -- gasoline, August 31, 1943

14. Ibid. v.762 f.37 v.3; I.M. McKeigan to McGregor, October 23, 1943

15. Ibid. R.M. Fowler to Gordon, October 28, 1943

16. Ibid. v.84 f.086; Report on the state of the Ration Administration, November 2, 1943

17. Ibid. v.762 f.37 v.3; McGregor to Gordon, November 10, 1943

18. Ibid.; C.H. Mitchell, Prices Division, Montreal to W.M. Wilson, Ration Administration, Ottawa, November 15, 1943

19. Globe and Mail, March 22, 1944. The editorial came as a result of a report of a court case in the previous day's paper in which the presiding judge severely chastised the government for bringing cases to the court in which people had to prove their innocence rather than the crown attorney prove their guilt. In the specific case the government was appealing the dismissal of a charge under the Wartime Industries Control Regulations.

20. WPTB Records, v.762 f.37 v.3; Anger to Gordon, March 23, 1944

21. Ibid. v.763 f.37 v.4; Board executive committee minutes, May 20, 1944

22. Ibid.

23. Gordon Papers, Box 10 f.112; Minutes of a meeting of the Advisory Committee on problems peculiar to French Canada, October 20, 1944

24. William Young, "Making the Truth Graphic: The Canadian government's home front information structure and programme during World War II", unpublished Ph.D. dissertation, University of British Columbia, 1978 p.230

25. WPTB Records v.641 f.19-32 v.2; McGregor to Godsoe, March 30, 1944

26. *Ibid.*, v.181 f.011; McKeigan to all Enforcement Counsel, November 10, 1944

27. *Ibid.*, v.182 f.012; McKeigan to all Enforcement Counsel, April 24, 1945

28. House of Commons *Debates*, May

29. WPTB Records v.763 f.37 v.5; McGregor to Commissioner, RCMP, May 30, 1945

30. *Ibid.* v.623 f.19-16; McKeigan to C.K.C. Martin, July 20, 1945

31. *Ibid.*, Gordon to Ilsley, August 31, 1945. Ilsley replied on September 19, 1945 and Gordon offered further comments in an additional letter to Ilsley on September 22, 1945 found in Gordon Papers Box 9 f.92.

32. Gordon Papers, Box 9 f.92; Mackenzie to McCutcheon, September 21, 1945

33. WPTB Records v.8 f.151; Board minutes October 4, 1945

34. Gordon Papers, Box 7 f.65; Gordon to Ilsley, June 29, 1943. This letter included the memorandum "Organization and operation of the Enforcement Administration" June 28, 1943

35. *Ibid.*

36. WPTB Records v.60 f.09; History of the Enforcement Administration

37. *Ibid.*

38. E.J. Spence, "Wartime Price Control Policy in Canada", unpublished doctoral dissertation, Northwestern University, 1947 p.55

39. Herbert F. Quinn, *The Union Nationale: A study in Quebec nationalism* (Toronto, 1963) p.111

FOOTNOTES - Chapter Eight

1. The relationship between the federal government and the propaganda machine it assembled to tell Canadians about the war is excellently covered in the Ph.D. dissertation, by William Young. He studies the operations and relations with other branches of government of the Wartime Information Board in his thesis entitled "Making the Truth Graphic: The Canadian government's home front information structure and programme during World War II", University of British Columbia, 1978.

2. Public Archives Canada, Wartime Prices and Trade Board Records, RG64 v.432 f.10-29 v.1; This file contains notes and background material relating to the establishment of the Consumer Branch and the selection of Byrne Hope Sanders to be the director of the Branch. As the file notes, the original concept for the Branch and the suggestion that a close liaison be established with women's groups across the country came from Charlotte Whitten and Therese Casgrain in several discussions with Donald Gordon in the initial month following the imposition of price control.

3. Ibid.; Sanders to Gordon, August 20, 1942

4. Ibid. v.2; Sanders to Gordon, November 6, 1942

5. Ibid. v.684 f.23-15; Miss Gough (Consumer Branch) to Sanders, September 29, 1942

6. Ibid., v.619 f.19-8 v.1; Sanders to M.W. Mackenzie, September 30, 1942

7. Ibid.; Mackenzie to Sanders, October 1, 1942

8. Ibid. v.432 f.10-29 v.2; Christine White to Sanders, March 16, 1943. This letter was accompanied by Mrs. White's plan for action to involve labour groups in the work of the Consumer Branch.

9. Ibid.

10. Ibid.; A.A. Macnamara to Gordon, March 26, 1943

11. Ibid., v.443 f.10-87; R.T. Black to C.H. Blair, May 4, 1943

12. Ibid., v.432 f.10-29 v.2; Christine White to Sanders, May 7, 1943

13. Joseph Schull, The Great Scot: A biography of Donald Gordon, (Montreal, 1979) p.66

14. WPTB Records v.432 f.10-29 v.2; N.C. Tompkins to R.M. Fowler, October 29, 1943

15. Ibid.; Harriet Parsons to Sanders, November 5, 1943

16. Ibid.; White to Sanders, December 31, 1943

17. Public Opinion Quarterly, No. 7, Winter 1943 p.747. Poll Taken on October 23, 1943.

18. Ibid.; p.748 poll taken September 25, 1945

19. Ibid.; No. 8. Spring 1944. p.145. Poll taken November 17, 1943.

20. Schull, p.77

21. Queen's University Archives, Donald Gordon Papers, Box 8, f.77; Gordon to J.L. Ilsley, June 29, 1944. Accompanying this letter was a document entitled "Report on Mrs. Consumer Week."

22. Financial Post, September 15, 1945

23. WPTB Records v.637 f.19-32 v.6; Sanders to Gordon, September 22, 1945

24. Ibid.; White to Sanders, September 22, 1945

25. Ibid. v.60 f.07; WPTB Executive Committee meeting minutes, December 17, 1945

26. Public Opinion Quarterly, No. 9, Fall 1945. Poll taken September 12, 1945.

27. WPTB Records v.60 f.07; WPTB Executive Committee minutes, December 17, 1945

28. Ibid. v.8 f.151; Board minutes May 2, 1946. An excerpt from these minutes can also be found in v.582 f.16-8-0 v.6.

29. Ibid.; An excerpt from these minutes can also be found in v.432 f.10-29 v.4.

30. Gordon Papers, box 6. f.51; Gordon to Ilsley, April 27, 1942.

31. Public Archives Canada, W.L.M. King Papers, MG 26 J1 v.325; A.M. Henderson to W.J. Turnbull, December 15, 1942.

32. Financial Post, June 5, 1943

33. William Young,
p.39

34. Ottawa Journal, June 23, 1943

35. Gordon Papers, Box 10 f.110; Gordon to Norman Smith, June 29, 1943. The original letter from Gordon went on June 24.

36. Ibid.; Smith to Gordon, June 28, 1943

37. Ibid.

38. Ibid.; See accompanying memo 'B'

39. Ibid.; See accompanying memo 'A'

40. Ibid.; See accompanying memo 'C'

41. George D. Kerr, "Press Censorship in Wartime: the case of Camillien Houde," a paper presented at the Canadian Historical Association Annual Meeting, 1978, London, Ontario

42. Gordon Papers, Box 16 f.163; Board Bulletin 161, July 14, 1943

43. Ibid. Box 20; Donald Gordon's speech to the Canadian Weekly Newspaper Association, August 14, 1943

44. Ibid.

45. Ibid.; Donald Gordon's radio address June 17, 1943

46. WPTB Records v.421 f.10-15 v.3; Gordon to Ilsley, November 15, 1943

47. Ibid.; John Grierson to A.D.P. Heeney, November 12, 1943

48. Young, p.63-4

49. WPTB Records v.421 f.10-15 v.3; Heeney to Gordon, November 16, 1943

50. Ibid.; November 21, 1943

51. King Papers, J1 v.331; J.W. Pickersgill to King, December 8, 1943

52. Gordon Papers, Box 16 f.163; Board Bulletin 175, December 6, 1943

53. King Papers J4 v.414: "Program of public information on economic stability" December 20, 1943

54. Gordon Papers, Box 10 f.113; Gordon to the Editor, Peterborough Examiner, March 29, 1945

55. Ibid.; Gordon to George McCullagh, April 5, 1945. Also found in WPTB Records v.636 f.19-32 v.4.

56. WPTB Records v.636 f.19-32 v.4; McCullagh to Gordon, April 9, 1945

57 Gordon Papers, Box 16 f.165; Board Bulletin 208; November 7, 1945

58. Ibid., Box 9 f.92; Gordon to Ilsley, November 17, 1945. Also found in Public Archives Canada, Department of Finance Records RG19 v.2730 f.700-1

59. Public Archives Canada, Department of Finance Records v.2730 f.700-1; Ilsley to Gordon, November 17, 1945

60. WPTB Records, v.421 f.10-15 v.5; Gordon to the Editor, Financial Post, January 3, 1946

61. Ibid.; Editor, Financial Post to Gordon, January 9, 1946

62. Ibid.

63. Ibid.; Gordon to Editor, Financial Post, January 16, 1946

64. Ibid. v.423 f.10-15-4 v.1; Gibson to Gordon, January 18, 1946

65. King Papers J4 v.326 f.3427; Memo to W.J. Turnbull from H.S. Ferns, October 10, 1941, C225677-8

66. Young, p.64

67. William Young, "Social Scientists versus the Press: Canadian information policy in the Second World War", a paper presented to the Canadian Historical Association Annual Meeting 1978, London, Ont. p.12-3

68. WPTB Records v.796 f.101-25; Wartime Information Board Survey No. 11, May 22, 1943

69. Ibid. v.423 f.10-15-3; WIB Information Briefs September 22, 1943

70. Public Archives Canada, Privy Council Office Records, RG2, 7c, v.14; Documents of the Cabinet War Committee, CWC Document 658, November 16, 1943

71. Ibid.; Cabinet War Committee Document 662, WIB Survey No. 24 November 10, 1942. Also found in WPTB Records v.796 f.101-25.

72. Ibid. CWC Document 670, Public Opinion Survey, December 6, 1943; CWC Document 677, WIB memorandum to members of Cabinet, December 14, 1943; CWC Document 681, WIB Memorandum to members of Cabinet, December 20, 1943

73. Public Archives Canada, George W. McCracken Papers, MG 31 E10 v.3; WIB Surey No. 28; January 15, 1944

74. Ibid.; WIB Survey No. 36, May 6, 1944

75. Ibid.; WIB Survey No. 41, July 15, 1944

76. Ibid. v.2; WIB Survey, July 29, 1944

77. Ibid.; WIB Survey No. 47, October 7, 1944

78. WPTB Records, v.1536; Report on Canadian Opinion, March 1945

79. King Papers, J4 v.274 f.2777; Special Memorandum to Members of Cabinet: Public attitudes towards a possible extension of rationing, March 22, 1945 C188660-3

80. Ibid.; Report on Canadian Opinion - Number 2, May 1945

81. Ibid.; Report on Canadian Opinion - Number 3, July 1945

82. Ibid.; Resume of Canadian Opinion on Rationing, Report 3A October 1, 1945. Also found in WPTB Records v.84 f.085

83. Ibid.; Report on Canadian Opinion - Number 3

FOOTNOTES - Chapter Nine

1. Public Archives Canada, W.L.M. King Papers, MG26 J4 v.265, C182150-2; Notes re: Department of Reconstruction (no date but likely early 1944)

2. Queen's University Archives, W.C. Clark Papers, Box 4 f.E-3-5, v.1; Committee on Reconstruction interim report regarding certain aspects of governmental machinery for the planning of reconstruction policies, October 2, 1942

3. Public Archives Canada, Department of Finance Records, RG 19 v.4660 f.187 EAC-3; Minutes of the meeting of the Economic Advisory Committee, November 10, 1942

4. King Papers, J4 v.415 f.3993; A.D.P. Heeney to W.L.M. King, December 10, 1942

5. Ibid. J4. v.265; Notes re Department of Reconstruction, See also J.L. Granatstein, Canada's War: The Politics of the Mackenzie King Government 1939-1945 (Toronto, 1975) p.256-7

6. Department of Finance Records, v.4660 f.197 EAC-3; Minutes of the EAC meeting April 14, 1943

7. King Papers, J1 v.338 290856-7; W.C. Clark to Heeney, March 31, 1943

8. Department of Finance Records, v.4660 f.187 EAC-4 part 2; Economic Advisory Committee report on the constitutional problems of Dominion post-war policy, April 27, 1943

9. Department of Finance Records, v.4664 f.187 EAC-62; Graham Towers to W.C. Clark, June 13, 1943. This letter discusses family allowances in the context of freeing wage rates below a certain level.

10. Ibid.; Bank of Canada memorandum, "The Case of Children's Allowances", June 14, 1943

11. Ibid., v.3448, R.B. Bryce correspondence; Donald Gordon to W.C. Clark, June 19, 1943

12. Clark Papers, Box 3 f. E-3-0 v.2; See correspondence on this subject, Clark to Heeney, March 3, 1943; Heeney to Clark, July 18, 1943 which includes F.P. Varcoe, Deputy Minister of Justice to Heeney, July 14, 1943. The quote comes from the latter letter.

13. Department of Finance Records, v.4660 f.187 EAC-3; See minutes of EAC meeting July 21, 1943 for discussion about the need for a solution to this problem.

14. Public Archives Canada, Wartime Prices and Trade Board Records, RG64 v.6 f.143; Chairman's memorandum on post-war organization

15. Queen's University Archives, Grant Dexter Papers, TC 3 f.25; Memorandum written to editor, September 1, 1943

16. WPTB Records v.6 f.143; Memorandum on civilian supply, September 19, 1943

17. Clark Papers, Box 3 f.E-3-0 v.2; Report of the Advisory Committee on Reconstruction, September 24, 1943

18. Ibid., Box 4 f.E-3-5 v.1; Report of the EAC on the main recommendations of the Advisory Committee on Reconstruction, November 20, 1943. See also Department of Finance Records, v.4663 f.187 EAC-46; main recommendations of the Advisory Committee on Reconstruction, November 17, 1943

19. Robert Bothwell and William Kilbourn; C.D. Howe; A biography (Toronto 1979) pp. 181-2

20. King Papers J1 v.338, 290874 W.C. Clark to W.J. Turnbull, November 11, 1943 and Clark to Turnbull, November 15, 1943 290875

21. Ibid.; Clark to J.W. Pickersgill, December 4, 1943 290878-896

22. WPTB Records v.6 f.143; J. Douglas Gibson to Gordon, December 13, 1943

23. *Ibid*. v.686 f.23-16 v.3; Gordon to R.F. Chisholm, November 13, 1943

24. *Ibid*. v.6 f.143; "WPTB and Decontrol: now and postwar" (no date but no references in the paper beyond December 1943). Also in Clark Papers, Box 12 f.W-2-5.

25. King Papers, J.4 v.269 f.2692; Memorandum for Prime Minister from N.G. Robertson, January 25, 1944 C184628-30

26. WPTB Records, v.6 f.143; "WPTB and Decontrol"

27. *Ibid*.; J.F. Parkinson to Gordon, January 7, 1944. This study "WPTB and Decontrol" was formally presented to Gordon on this date with a covering letter from the report's main author, Board economist J.F. Parkinson.

28. King Papers, J1 v.362 313204-11; J.L. Ilsley to King, January 4, 1944

29. Bothwell and Kilbourn, p.182-5

30. Queen's University Archives, Donald Gordon Papers, Box 8 f.72; Gordon to Ilsley, January 24, 1944

31. *Ibid*. Box 8 f.73; Gordon to Ilsley, February 15, 1944; A lengthy memo, "The Relaxation of Manufacturing Restrictions with particular reference to the Metals Field" accompanied this letter from the Chairman to the Finance Minister

32. *Financial Post*, June 26, 1944

33. *Ibid*., July 1, 1944

34. Department of Finance Records, J.F. Parkinson Records, v.3960; Gibson to Gordon, July 3, 1944

35. *Financial Post*, April 16, 1944

36. Gordon Papers, Box 16 f.170; Memorandum re Board Order 284 respecting the commencement, acquisition and expansion of business, May 11, 1944

37. *Financial Post*, May 27, 1944

38. Bothwell and Kilbourn, p.197

39. Wilfrid Sanders, "Canada looks toward postwar", Public Opinion Quarterly, v.8 Winter 1944 p.528

40. WPTB Records v.60 f.05; Minutes of the Board executive committee meeting, August 11, 1944

41. Financial Post, September 16, 1944

42. WPTB Records, v.2 f.124; Gordon to Chester Bowles, August 21, 1944

43. Clark Papers, Box 12, f.W-5-2; Gordon to Clark, August 24, 1944

44. Ibid.; Gordon to J.G. Godsoe, August 24, 1944. This letter accompanied Gordon's letter to Clark.

45. Ibid.

46. Financial Post, March 18, 1944. Gordon's speech was quoted in the newspaper's editorial.

47. Ibid., September 16, 1944. The Post reprinted the full text of Gordon's speech to the Canadian Club on September 11, 1944. Also found in Gordon Papers, Box 20.

48. Ibid., September 2, 1944

49. Ibid., September 30, 1944

50. Gordon Papers, Box 20. Gordon's speech to the Canadian Congress of Labour in Quebec City, October 19, 1944

51. Financial Post, January 6, 1945

FOOTNOTES - Chapter Ten

1. William Young, "Making the Truth Graphic: The Canadian government's home front information structure and programme during World War II", unpublished Ph.D. dissertation, University of British Columbia, 1978. pp.100-101

2. Ibid. pp.240, 243

3. Ibid. p.227

4. Reginald Whitaker, The Government Party (Toronto, 1977) p.143

5. Financial Post, January 6, 1945

6. Queen's University Archives, Donald Gordon Papers, Box 8 f.86; Gordon to Ilsley, March 5, 1945

7. Ibid., Gordon to C.D. Howe, March 26, 1945

8. J.L. Granatstein and J.M. Hitsman, Broken Promises A History of Conscription in Canada (Toronto, 1977) p.237-238

9. William Young, "Making the Truth Graphic: The Canadian government's home front information structure and programme during World War II", unpublished Ph.D. dissertation, University of British Columbia, 1978. p.236

10. Financial Post, May 5, 1945

11. Ibid., May 19, 1945

12. Ibid.

13. Gordon Papers, Box 10 f.113, Gibson to Gordon, May 21, 1945

14. Financial Post, May 26, 1945

15. Ibid., June 2, 1945

16. Public Archives Canada, Department of Finance Records, J.F. Parkinson Records RG 19 v.3960; WPTB Quarterly Summary of Activities April 1 - June 30, 1945

17. Financial Post, July 21, 1945

18. Ibid., August 18, 1945

19. Ibid., August 25, 1945

20. Public Opinion Quarterly, volume 9, Fall 1945 p.376. Poll taken on July 25, 1945

21. Ibid.; Poll taken on August 25, 1945

22. Financial Post, September 8, 1945

23. Public Archives Canada, Wartime Prices and Trade Board Records, RG 64 v.810 f.101-33-6; J.H. Thomson Administrator of Distributive Trades to W.H. Cranston, Prices Division, October 25, 1945.

24. Department of Finance Records v.3960 "Canadian American prices and wages" - a study prepared by the Economics Branch of the WPTB, November 8, 1945

25. Ibid. v.2733 f.700-14; C.L. Burton to Ilsley, November 13, 1945

26. Ibid. Ilsley to Burton, November 16, 1945

27. WPTB Records v.423 f.10-15-4 v.1; unknown signature (perhaps Burton) to S.S. Fletcher, manager of Toronto store of Robert Simpson Co., November 20, 1945

28. House of Commons Debates, November 23, 1945

29. WPTB Records v.8 f.151; Minutes of the Board meeting, December 6, 1945

30. Financial Post, December 8, 1945

31. E.J. Spence, "Wartime Price Control Policy in Canada", unpublished Ph.D. dissertation Northwestern University, 1947 p.12-13

32. WPTB Records, v.8 f.151; Minutes of Board meeting, January 3, 1946

33. *Ibid*., Appendix A of minutes, Gordon to Ilsley, January 4, 1946

34. *Ibid*.

35. *Financial Post*, January 19, 1946

36. *Ibid*., January 26, 1946

37. Public Archives Canada, W.L.M. King Papers, MG 26 J4 v.377 f.3947 C260987-8; Press release "Ceiling suspensions" - January 31, 1946

38., *Ibid*. J4 v.322 f.3406 C221830-39; "Government Policy on price and wage controls in the transition period" - a statement by the Prime Minister the Right Honourable Mackenzie King, January 31, 1946. See also K.W. Taylor, "Canadian Wartime Price Controls 1941-46", *Canadian Journal of Economics and Political Science* v.XIII n.1 February 1947 p.97

39. Gordon Papers Box 16 f.166; Board bulletin 211 January 26, 1946

40. *Financial Post*, February 9, 1946

41. *Ibid*.

42. WPTB Records, v.423 f.10-15-4 v.2; E.J. Spence, Prices Division to J.D. Gibson, February 24, 1946

43. *Ibid*. v.8 f.151; Minutes of Board meeting March 7, 1946

44. Gordon Papers Box 16 f.116; Board bulletin 214 March 8, 1946.

45. Spence, p.146

46. WPTB Records v.423 f.10-15-4 v.2; These plans were outlined in a letter from Ronald Ritchie to E.J. Spence on March 9, 1946. Both were Prices Division officials.

47. *Ibid*. R.S. Sykes Research Branch to Gordon March 19, 1946. This memo brought to the Chairman's attention the results of the second survey on price fluctuations following the release of many goods from controls at the start of February.

48. *Ibid*. v.8 f.151; Gordon to P. Conroy, Secretary-Treasurer of the Canadian Congress of Labour. This letter was appended to the Board minutes of April 4, 1946.

49. *Ibid*.

50. *Ibid*. v.301 f.5-1-5 v.1; E.J. Spence to J.R. Croft, Administrator of Services. June 3, 1946. Spence also discussed the idea in a letter to K.W. Taylor on June 3, 1946 in v.601 f.16-32.

51. Department of Finance Records v.3960; Quarterly Summary of Board activities April 1 - June 30, 1946

52. *Ibid*. v.3961. In these records is a reprinted copy of the Minister of Finance's statement to the House of Commons on July 5, 1946

53. Taylor, p.97

54. Department of Finance Records v.2736 f.700-19. This file containing Ilsley's correspondence, holds many letters on controls from May to July 1946 and is overwhelmingly in support of their continuation.

55. Taylor, p.97

56. King Papers J1 v.416; Pickersgill to Taylor, July 1, 1946 and draft speech of Prime Minister King July 2, 1946, 378262-4

FOOTNOTES - Chapter Eleven

1. Public Archives Canada, W.L.M. King Papers, MG 26 J4 v.334 f.3605; Norman Robertson to L.B. Pearson, December 6, 1946

2. Queen's University Arhcives, Donald Gordon Papers, Box 16, f.159; Speech by J.L. Ilsley at WPTB farewell dinner for Donald Gordon, May 2, 1947

3. E.J. Spence, "Wartime Price Control Policy in Canada", unpublished doctoral thesis, Northwestern University, 1947 p.151

4. King Papers, J4 v.322 f.3406; "March report on consumer reaction to price control", April 15, 1947 C221869-70

5. Gordon Papers, Ilsley speech May 2, 1947

FOOTNOTES - Chapter Twelve

1. E.J. Spence, "Wartime Price Control Policy in Canada" unpublished doctoral thesis, Northwestern University, 1947 p.34-5

2. *Ibid.*, p.268

3. *Ibid.*, p.251

4. The Fraser Institute, *The Illusion of Wage and Price Controls* (Vancouver, 1976) p.41

5. Queen's University Archives, Donald Gordon Papers, Box 16 f.159; Speech by J.L. Ilsley at WPTB farewell dinner for Donald Gordon, Toronto, May 2, 1947

6. Tom Traves, *The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931*, (Toronto, 1979) p.161

7. *Ibid.*, p.164

Bibliography of Primary and Secondary Sources

A. Manuscript Sources

Public Archives Canada

Henry Borden Papers

Department of Finance Records

William Lyon Mackenzie King Papers

George W. McCracken Papers

Privy Council Office Records

Wartime Prices and Trade Board Records

Queen's University Archives

W.C. Clark Papers

Grant Dexter Papers

Donald Gordon Papers

W.A. Mackintosh Papers

B. Secondary sources

Blau, Peter , Bureaucracy in Modern Society, New York 1956

Bothwell, Robert and Kilbourn, William, C.D. Howe , Toronto 1979

Canada Gazette, 1939 - 1946, Ottawa

Cuff, R.D. and Granatstein, J.L., Canadian-American Relations in Wartime from the Great War to the Cold War , Toronto 1975

Cuff, R.D. and Granatstein, J.L., War and Society in North America, Toronto 1971

Dominion Bureau of Statistics and Department of Trade and Commerce, Canada Year Book (1939 through 1946): Official Statistical Annual of the Resources, History, Institutions and Social and Economic Conditions of the Dominion, Ottawa

The Fraser Institute, The Illusion of Wage and Price Controls, Vancouver 1976

Gordon, Walter , A Political Memoir, Toronto 1977

Granatstein, J.L., Canada's War: The Politics of the Mackenzie King Government 1939 - 1945 , Toronto 1974

Granatstein, J.L. and Hitsman, J.M., Broken Promises: A History of Conscription in Canada, Toronto 1977

Higgins, Benjamin , Canada's Financial System in War, New York 1944

House of Commons Debates , 1939-1945 , Ottawa

James, R.W. Wartime Economic Co-operation, Toronto 1943

Jamieson, Stuart M., Times of Trouble: Labour Unrest and Industrial Unrest in Canada 1900-66 , Ottawa 1968

Kerr, George D., "Press censorship in wartime: the case of Camillien Houde", unpublished paper presented at Canadian Historical Association annual meeting, London, Ontario 1978

King, W.L.M., Industry and Humanity, Toronto 1918

Parkinson, J.F., Canadian War Economics, Toronto 1941

Plumptre, A.F.W., "Organizing the Canadian Economy for War" in Parkinson, Canadian War Economics

Public Opinion Quarterly, Nos. 5 - 10 , 1941- 1946

Quinn, Herbert F., The Union Nationale: A study in Quebec Nationalism , Toronto 1963

Sanders, Wilfrid, "Canada looks toward postwar", Public Opinion Quarterly, v.8, Winter 1944

Schull, Joseph, The Great Scot: A biography of Donald Gordon, Montreal 1979

Smith, Denis, Gentle Patriot, Toronto, 1976

Spence, E.J., "Wartime price control policy in Canada", unpublished Ph.D dissertation, Northwestern University, 1947

The Globe and Mail, Toronto 1939-1946

The Financial Post, Toronto 1939-1947

Taylor, Kenneth W., "Canadian wartime price controls 1941-1946" in Canadian Journal of Economics and Political Science, v. XIII n. 1, February 1947

Traves, Tom, The State and Enterprise: Canadian Manufacturers and the Federal Government, Toronto, 1979

Wartime Prices and Trade Board, Price Control in Canada, Ottawa 1941

Whitaker, Reginald, The Government Party, Toronto 1977

Young, William, "Making the Truth Graphic: The Canadian government's home front information structure and programme during World War II", unpublished Ph.D. dissertation, University of British Columbia, Vancouver 1978